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Klaus König

**ON THE CRITIQUE OF NEW PUBLIC
MANAGEMENT**

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On the critique of New Public Management

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FOREWORD

The "New Public Management" and "Reinventing Government" movement has also reached the German speaking area, mainly under the portent of a "Neues Steuerungsmodell", a new model of administrative steering and management. So this concept of modernizing Federal German communal administrations has its supporters not only in literature – even including the founding of new publications – but also in administrative practice. I have been confronted both here and abroad with the question of how this new public management is to be evaluated from the administrative scientist's viewpoint in line with a knowledge of the country. This makes me feel obliged to unite relevant studies worked out for different occasions and published sporadically or not at all as yet into a scientific report, thus making them available to readers. The present contributions concentrate on various sets of problems but refer, time and again, to the issue of the paradigm shift from executive to entrepreneurial management in public administration. In their critical attitude, they differ from the much published renewal literature. The present studies are based on one another and are partly overlapping. Their printing order is therefore in conformity with the sequence of their original composition. In their elaboration, I have been supported by Dipl.-Verw. Wiss. *Joachim Beck*, a member of my research staff, to whom I wish to express my sincere thanks.

Speyer, October 1995

Klaus König

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ADMINISTRATION IN THE POST-INDUSTRIAL STATE*

I. APPROACHES TO A "NEW" KIND OF ADMINISTRATION

The fundamental characteristic of modern societies is their functional differentiation into relatively independent sub-systems and spheres of action, a trait implying rationalization of these ranges in accordance with their specific principles¹. Prominent fields of action to attain such a historic change are the economic system governed by principles like private property, market, and competition and, on the other hand, the politico-administrative system which is ruled by principles like public earmarking enjoying priority over the order of property rights, regularization, or hierarchy. Socialism in practice, however, did not keep to that track of development. The society was subjected to the system ideology of one single party. De facto, the economy was nationalized. A cadre administration was slipped over state, economy and society². This Marxist-Leninist modernization effort failed. Practised socialism had to declare bankruptcy.

At the end of the 20th century, the Occidental administration thus happens to be without its secular counterpart and, on its part, now appears to brush aside the "basic optimality" of the various system rationalities depending on the sphere of action concerned. In some heads, the market economy's "victory" over the centrally planned economy seems to be transformed into a victory won by the principles of economy over those of the

* The present paper is founded on a lecture I delivered in Samos in September 1994 at an international conference on State and Administration in the Post-Industrial Society organized by the Hellenic Center of Public Administration.

1 See *Niklas Luhmann*, *Soziale Systeme*, 2nd ed., Frankfurt a.M. 1985.

2 See *Klaus König*, *Zum Verwaltungssystem der DDR*, in: Klaus König (ed.), *Verwaltungsstrukturen der DDR*, Baden-Baden 1991, pp. 9 ff.

state. More and more ideologies and model concepts turn up which demand competition in the public sector, an enterprise culture within the civil service or at least the simulation thereof³. The forms of appearance of such postulates differ. They include a simple international marketing of model management concepts as for example Lean Management⁴ or Total Quality Management⁵. There are scientific conceptions such as Reinventing Government that combine ideas on the free market economy with popular Business Motivation literature⁶. Government reports like the US National Performance Review suggest that the paradigm of administrative management be replaced by the paradigm of entrepreneurial management in state and government⁷. There are labels as for instance New Public Management⁸ lumping the recent public sector reforms in countries like Britain, Australia, and New Zealand⁹. And finally, administrative politics has drawn up sets of claims that list elements from all of these doctrines, model concepts, and draft conceptions, in some cases not paying regard to their inner compatibility.

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- 3 See *Ronald Moe*, The "Reinventing Government" Exercise: Misinterpreting the Problem, Misjudging the Consequences, in: *Public Administration Review*, March/April 1994, Vol. 54, Issue 2, pp. 111 ff.
 - 4 See *Dirk Bösenberg/Heinz Metzen*, *Lean Management – Vorsprung durch schlanke Konzepte*, 4th ed., Landsberg 1993.
 - 5 See *Tom Peters*, *Jenseits der Hierarchien – Liberation Management*, Düsseldorf 1993.
 - 6 See *David Osborne/Ted Gaebler*, *Reinventing Government. How the Entrepreneurial Spirit is Transforming the Public Sector*, Reading, 1992.
 - 7 See Executive Office of the President, *National Performance Review* (ed.), *From Red Tape to Results: Creating a Government that Works Better and Costs Less*, Washington D. C. 1993.
 - 8 See *Christopher Hood*, A Public Management for all seasons? in: *Public Administration*, Vol. 69, Spring 1991, pp. 3-19.
 - 9 See *Reginald C. Mascarenas*, Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain and New Zealand, in: *Public Administration Review*, Issue 4/1993, pp. 319 ff.

When not relating the term of paradigm change¹⁰ to the opinions of scholars, advisors and propagandists but to the attitudes and viewpoints of those engaged actively in politics and administration, there is probably no country where this change has taken place everywhere. Yet it is true that there has been profound interference in administrative traditions in the name of an entrepreneurial spirit, in particular in Great Britain¹¹; and there is a number of entrepreneurial simulations, mainly at the local administration level¹². The prize-winning highlight seems to be a municipal waste disposal utility that can consider itself competitive with private bidders. This, however, will make some people ask why such utility is not actually privatized. A complex implying even greater difficulties than implementation is practical performance measurement or validation – unless we are prepared to content ourselves with the images promoted by politicians and top executives in the civil service. By now, validation from outside has not been realized but in a few exceptional cases, one of them being Australia, where this was done by committees of parliament¹³. Viewed in its entirety, the empirical foundation for a scientific judgement in terms of paradigm and going beyond individual reforms and isolated administrations appears rather narrow. Yet this does not preclude criticism being levelled at the underlying ideology by administrative scientists. It strikes the mind in this context that the model concepts of entrepreneurial management in public

10 See *Thomas S. Kuhn*, *Die Struktur wissenschaftlicher Revolutionen*, 3rd ed., Frankfurt a. M. 1978.

11 See *Frederic Ridley*, *Verwaltungsmodernisierung in Großbritannien*, in: Hermann Hill/Helmut Klages (eds.), *Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe. Vorträge und Diskussionsbeiträge der 61. Staatswissenschaftlichen Fortbildungstagung 1993 der Hochschule für Verwaltungswissenschaften Speyer*, Berlin 1993, pp. 251 ff.

12 See *Gerhard Banner/Christoph Reichard*, (eds.), *Kommunale Managementkonzepte in Europa. Anregungen für die deutsche Reformdiskussion*, Köln 1993.

13 See *Alexander Kouzmin*, *The Dimensions of Quality in Public Management*, in: Hermann Hill/Helmut Klages (eds.), *Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe. Vorträge und Diskussionsbeiträge der 61. Staatswissenschaftlichen Fortbildungstagung 1993 der Hochschule für Verwaltungswissenschaften Speyer*, Berlin 1993, pp. 211 ff.

administration do not reflect such administration's social environment but insufficiently¹⁴.

Public administration may be interpreted as a social system existing and functioning in accordance with its own order but, on the other hand, it also depends on environmental conditions in a complex and changing society. Entrepreneurial administration concepts are oriented above all to the order concept inherent in the system itself. Administrative precepts, management instruments, result-oriented approaches, production cost accounting, agreements on operational targets, production-related units of organization, poly-central resourcing, and many other issues are dealt with¹⁵. Being one part of the administration's environment, the economic system is of interest in so far as it appears appropriate to provide precepts for an entrepreneurial culture in the civil service.

If we skip over the privatization discussion with its great variety of facets¹⁶, many questions relating to the differentiated society are left open: from the primacy of politics over organizational learning in a legally controlled administration up to market failure in the supply of goods. The limited view of the world becomes particularly evident where citizens are turned into customers¹⁷. The pronounced differentiation of their roles as voters, tax payers, pupils and students, troublemakers, welfare recipients, youth or businessmen in line with the politico-administrative context gives way to an attitude anticipating uniform behaviours. With the postal services, with local water utilities, and local public transport one may be satisfied with the role of customer. Yet as regards youth welfare offices, crimi-

14 See *Eberhard Laux*, Die Privatisierung des Öffentlichen: Brauchen wir eine neue Kommunalverwaltung? – Visionen und Realitäten neuer Steuerungsmodelle –, in: *Der Gemeindehaushalt* Issue 8/1994, pp. 169 ff.

15 See *Manfred Timmermann*, Wirtschaftliches Handeln öffentlicher Verwaltungen. Grundsätzliches aus ökonomischer und verwaltungspraktischer Sicht, in: *VOP*, Issue 2/1993, pp. 97 ff.

16 See *Klaus König*, Systemimmanente und systemverändernde Privatisierung in Deutschland, in: *VOP*, Issue 5/1992, pp. 279 ff.

17 See *Ronald Moe*, The "Reinventing Government" Exercise: Misinterpreting the Problem, Misjudging the Consequences, in: *Public Administration Review*, March/April 1994, Vol. 54, No. 2, pp. 111 ff.

nal investigation departments, fiscal administration or Foreign Office, there are further demands to be made on the patterns of performance.

II. INDUSTRIALISM AND POST-INDUSTRIALISM

Accordingly, curtailments under an entrepreneurial *Esprit de corps* in public administration require the discussion on the administrative system's modernization to be widened. Environmental conditions can be interpreted in political, legal and economic terms. If we go back to the modern times theory, this is to set out on the socio-cultural connexions between society, state and administration. From the social development result environmental conditions that are decisive for the design of a civil service system¹⁸.

One of the still prominent fundamentals of modernity lies in the term of industrial society¹⁹. It relates to a mode of safeguarding social needs that extends beyond the economic sphere and implies other social system ranges such as public administration, for instance. The wide use of machinery as the focal point of industrialization and new division-of-labour patterns also embrace clerical operations. Industrial growth implies the expansion of state activities. New forms of organization with a changed division of labour do not only develop in private production but also in the provision of public goods. Social differentiations like work and leisure time; places of work and housing; family and safeguarding of social needs, etc. touch upon the civil service as well. Vertically divided civil service career grades from police constable to head of division in an authority, supplemented by horizontally structured professions in technical and scientific branches reflect the change that has occurred in the order of social grades and in the professional mix. Technical and scientific modes of work are characteristic for

18 See *Carl Böhrer*, Allgemeine Rahmenbedingungen und Trends des Verwaltungshandelns, in: H. Reinermann/H. Fiedler/K. Grimmer/K. Lenk/R. Traunmüller (eds.), *Neue Informationstechniken. Neue Verwaltungsstrukturen?*, Heidelberg 1988, pp. 27 ff.

19 See *Helmut Klages*, Stichwort "Industriegesellschaft", in: Dieter Nohlen (ed.), *Wörterbuch Staat und Politik*, Bonn 1991, pp. 239 – 241.

both the administrative and economic spheres of action. In both sectors, the processes of operation are formalized and controlled. The degrees of rationalization are rising in both economic and administrative institutions.

From numerous different viewpoints criticism has been levelled at the society's industrial formation. That debate includes disputes which overlap one another mainly due to the widely discussed capitalism issue²⁰. Yet, once again, it was industrialism which convergence theories believed to possess greater power of moulding than the political differences between a free and constitutional democracy and the rule of socialism in practice²¹. Criticism of the industrial society extends from early alienation theses pointing to the fragmentation and specialization of human activities in the goods production process that make their mark on the people's everyday consciousness²² to "risk society" theories laying stress on self-imperilment and man-made catastrophies in nuclear, chemical or genetical production in the late industrial age²³.

Public administration is implied in such doubts. Alienation phenomena can be associated with the state bureaucracies, blaming them for impersonal attitudes, rule-based formalism, incomprehensible expert language, obscure distribution of responsibilities, procedural schematism, etc.²⁴. The theoretical approaches to the industrial risk society, on the one hand, do not believe public welfare politics to be able to avert imperilments, and, on the other hand, they express their fear that the very politico-administrative decisions may also launch dangers. Critical thoughts hit the administration in particular when a detached power of rule and the state's capability of functioning are questioned at the same time. This is true at least for continental Europe,

20 See *Jürgen Habermas*, *Legitimationsprobleme im Spätkapitalismus*, Frankfurt a. M. 1973.

21 See *Raymond Aron*, *Die industrielle Gesellschaft*, Frankfurt a. M./Hamburg 1962.

22 See *Herbert Marcuse*, *Der eindimensionale Mensch*, Darmstadt 1984.

23 See *Ulrich Beck*, *Risikogesellschaft. Auf dem Weg in eine andere Moderne*, Frankfurt a. M. 1986; *Ulrich Beck* (ed.), *Politik in der Risikogesellschaft: Essays und Analysen*, Frankfurt a. M. 1991.

24 See *Wolfgang Hoffmann-Riem* (ed.), *Bürgernahe Verwaltung? Analysen über das Verhältnis von Bürger und Verwaltung*, Neuwied/Darmstadt 1979.

where the classical-modern administrations stand out for state-oriented attitudes²⁵.

Accordingly, the public administration is also touched upon when the state in industrial societies is contemplated with scepticism²⁶. Critics fear a loss of state control, of sovereignty. The state is considered unable to either avoid or dominate the factual necessities inherent in industrial conditions and the entelechy thereof. In the end, the reason inherent in technical processes seems to govern politics and administration in the place of the public will. Modern administration is stated to have been infected by the mentality of technical progress. As a proof, reference is made for example to the penetration of technical and scientific professions into the civil service, displacing lawyers in their classical role as all-rounders while expert knowledge is gaining ground.

From another viewpoint, attention is drawn to the dangers faced by state and administration in highly industrialized societies as a result of the compensation of technical, economic and social effects. The state is undertaking more and more functions of social safeguarding, intervention in markets and enterprises, consultancy, assistance, education of the population, of provision for risks not only against natural dangers but against technical and man-made perils as well. This appears to result in a welfare bureaucracy, which – not unlike Sisyphus – produces ever poorer and more problematic results in spite of steadily growing efforts and dedication. Following the dynamism of social claims, state and administration seem to have developed into a stability risk. Categories like ungovernability, disaffection from the state, and legitimation crisis characterize the critical consideration of public affairs²⁷. Over-burdened state – disaffected people? is

25 See *Ferrel Heady*, *Public Administration, A comparative Perspective*, 3rd ed., New York/Basel 1984.

26 See *Ernst Forsthoff*, *Der Staat der Industriegesellschaft – Dargestellt am Beispiel der Bundesrepublik Deutschland*, München 1971.

27 See *Helmut Klages*, *Die unruhige Gesellschaft*, München 1975; *Wilhelm Hennis/Peter Graf von Kielmannsegg*, (eds.), *Regierbarkeit. Studien zu ihrer Problematisierung*, Vol. 1 + 2, Stuttgart 1977/79.

one of the questions that are asked on the discords in the welfare society of the late industrial era²⁸.

Where there are so many sceptical diagnoses, an optimistic prognosis will not be lacking. It manifests itself in the concept of the post-industrial society²⁹. It points out that the industrial society is followed by a beginning new phase of social development³⁰. Yet such a subsequential extrapolation must not be interpreted as implying a rupture in history. Rather, the industrial society's rationality is extended beyond its classical range of definition. From this viewpoint, the advancing scientific and technological progress means growing productivity, more leisure time, welfare economy, highly qualified professions, and personal wealth. Natural sciences and technology enable the tensions between new needs and new scarcities to be relieved³¹. The centrality of theoretical knowledge as the source of innovation and also as the starting point of social policy programming is considered as the axial principle³².

The post-industrial society is a service society. It is presumed that the service sector's preponderance over the production of physical assets continues to grow. Developments in education and research give birth to a "quaternary" sector³³. Changes occur within the system of social strata and

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- 28 See *Helmut Klages*, *Überlasteter Staat – Verdrossene Bürger? Zu den Dissonanzen der Wohlfahrtsgesellschaft*, Frankfurt a. M. 1981.
 - 29 See *Jean Fourastié*, *Die große Hoffnung des 20. Jahrhunderts*, Köln-Deutz 1954.
 - 30 See *Daniel Bell*, *Die nachindustrielle Gesellschaft*, Frankfurt a. M./New York 1975.
 - 31 See *Werner Hugger*, *Szenarien alternativer Gesellschaftsentwicklung*, in: Herbert König/Walter A. Oechsler (eds.), *Anforderungen an den öffentlichen Dienst von morgen. Konzeptionen und Fallstudien zur mittel- und langfristigen Vorausschätzung*, Regensburg 1987, pp. 82-97.
 - 32 See *Daniel Bell*, *Die nachindustrielle Gesellschaft*, Frankfurt a. M./New York 1975, pp. 115.
 - 33 See *Werner Hugger*, *Szenarien alternativer Gesellschaftsentwicklung*, in: Herbert König/Walter A. Oechsler (eds.), *Anforderungen an den öffentlichen Dienst von morgen. Konzeptionen und Fallstudien zur mittel- und langfristigen Vorausschätzung*, Regensburg 1987, p. 88.

the structure of rule³⁴. A class of professionalized occupations requiring technical qualifications begins to develop and replaces the former status-based strata by a performance-oriented system. The augmenting claim of power on the part of that class manifests itself in the fact that both politics and the economy are increasingly governed by science³⁵. Such subsequent projections of the industrial society then extend as far as to the image of an information society³⁶. This society features a dominance of information technologies, the information professions consolidating their position in the social system structure and then gaining majorities.

III. ASPECTS OF POST-INDUSTRIAL ADMINISTRATION

The characteristics of the post-industrial society embody, in socio-cultural terms, the environmental conditions for public administration that form part of the fundamentals to the administration's existence and functioning as a social system. Accordingly, they give an idea of the development lines to be expected in the advancing formation of the system. If post-industrialism does not constitute a break with the old industrial society but its extrapolation, a break with the welfare state system of provisory care against technical, economic and social emergencies by the public administration will not happen soon – at least not for socio-cultural reasons. Existing differentiations like those between family and social safeguarding are maintained. New differences appear. Growing wealth makes welfare expectations rise, too. Where human lifetime is prolonged not least due to the progress of medical science and technology, people expect material hedging against infirmity, and allowance is made for such expectations by instituting a nursing insurance.

34 See *Helmut Klages*, Stichwort "Industriegesellschaft", in: Dieter Nohlen, Wörterbuch Staat und Politik, Bonn 1991, pp. 239 ff.

35 See *Daniel Bell*, Die nachindustrielle Gesellschaft, Frankfurt a. M./New York 1975, pp. 247 ff.

36 See *K. W. Deutsch/P. Sonntag*, From the industrial Society to the Information Society – Crises of Transition in Society, IIVG/dp, 1981, pp. 81-113.

When changes occur in the industrial production system towards information processing technologies, this does not result in the entire industry being renewed, but old industries persist as well. According to all experience, the consequences of such an industrial change are not made up for by the market mechanisms, at least not at short term. Compensation by state action is needed. When a new quality of technical and scientific professionalization is determining the occupational life, this does not result in exclusively new professions, but old occupations persist as well. And here again, it is the public sector where the consequences of such changes have to be compensated. As a result, the post-industrial administration will continue to be governed by the programmes, organizations, servants, and budgets of labour and social policies³⁷.

Post-industrial changes make the problems of location and local mobility more ardent. There are new and old locations, of course. State and administration are challenged in both places. In the one case, it is a matter of redevelopment, revitalization of outdated facilities, and their turning to new applications. Mere decay is not tolerated politically³⁸. In the other case, a new infrastructure needs to be installed. Simultaneously, the post-industrial society does not only feature social mobility but spatial mobility as well. From traffic routes to communication networks, adequate facilities and equipment must be made available and controlled. A gradient of supply standards from municipal to rural areas does no longer appear acceptable. The administration is obliged to ensure comparable standards of performance³⁹.

If gains in productivity owed to technical progress make the post-industrial society develop into a "leisure-time society", this will not only give

37 See *Helmut Klages*, Beurteilung der Sozialpolitik vor dem Hintergrund gesellschaftlicher Entwicklungen und sozialpolitischer Gestaltungsmaximen – Aus der Sicht der Wissenschaft, in: Bundesministerium für Arbeit und Sozialordnung (ed.), *Sozialstaat im Wandel*, Bonn 1994, pp. 35 ff.

38 See *Joachim Jens Hesse* (ed.), *Die Erneuerung alter Industrieregionen. Ökonomischer Strukturwandel und Regionalpolitik im internationalen Vergleich*, Baden-Baden 1988.

39 See *Frido Wagener*, *Neubau der Verwaltung. Gliederung der öffentlichen Aufgaben und ihrer Träger nach Effektivität und Integrationswert*, 2nd ed., Berlin 1974.

birth to a new branch of economy, but it will also make the planning and organization of recreational activities a new and expanding sector of public administration. Thus, the beginning of school holidays may mean a ban on leave for traffic policemen. Public authorities undertake to work out plans for tourism, recreation, sports and leisure-time activities for the youth. An infrastructure of swimming pools, sports grounds, amusement and playing facilities, footpaths, youth centres, etc. is built up. Leisure-time turns out to be a sphere of life in need of regulation, if only to protect nature from man. Regulations will extend from the need of official permits in specific cases to the general preservation of the countryside.

If industrialism as one of its principal features turns the post-industrial society into a "risk society", social self-imperilment and man-made catastrophes call for increased government activities⁴⁰. A multiplicity of functions need to be fulfilled in the fields of disposal, monitoring and control, as well as safeguarding. Public emergency planning is required to prepare for cases of great dangers. Government-operated information systems are necessary to allow imperilments to be recorded and measured. Scientific and technical expert knowledge is required to permit any such dangers to be judged appropriately⁴¹. Legal rules and regulations are needed to allow the population's behaviour to be controlled by compulsory means. Police, emergency and rescue services must be at hand. Suitable publicly owned equipment, facilities and vehicles must be available. In addition to all this, safeguarding and accommodation of those affected must be allowed for, even extending to the issue of their compensation from public sources. This subject is a very complex range of administrative action⁴².

If the characteristics of the post-industrial society include the ability to evolve a new quality of scientific and technical professions, this has an

40 See *Carl Böhret*, *Folgen. Entwurf einer aktiven Politik gegen schleichende Katastrophen*, Opladen 1990.

41 See *Carl Böhret*, *The Tools of Public Management*, in: K. A. Eliassen/J. Koiman (eds.), *Managing Public Organisations. Lessons from Contemporary European Experiences*, London et al. 1993, 2nd ed., pp. 91-95.

42 See *Klaus König*, *Krisenmanagement: Der Fall Tschernobyl in der Bundesrepublik Deutschland*, in: Ant. N. Sakkoulas (ed.), *Administration – Politique*, Festschrift für Athos G. Tsoutsos, Athen 1991, pp. 263-274.

impact on the functions of public administration and, at the same time, triggers reflex developments in the very civil service staff structures⁴³. Universities and technical colleges have to be expanded in order to provide for appropriate education. However, this is not simply a matter of academizing occupational life. A wide variety of options from poly-technical training for medium-level job specifications to computer training for typewriting services are topics of discussion. The education sector's expansion has its repercussions on the civil service staff. Not only that, as explained above, new technical and scientific professions penetrate into the civil service, leading to a regroupment in line with the branches of study like pharmacist, construction engineer, mining expert, etc. In cases where the general public system of education does not provide for appropriate curricula and courses of study, specific intra-administrative institutions are established as for example technical colleges for tax and customs administration, for the labour market authorities, or, at a higher level, academies for advanced training of civil servants.

If it is scientific and technical progress which, by its continuity, gives birth to the post-industrial society, it is well comprehensible that the state promotes scientific research and technological development. Such promotion takes place both within and outside the universities. Large-scale out-of-university research institutions for nuclear research, space exploration, genetic research, etc. are established and administered by the state. A specific research administration authority, for instance in the form of a ministry of research, coordinates national and international activities. It is above all in the sphere of basic research, that one does not trust that enterprises, the market, and competition will make the proper arrangements. But beyond this, voices are heard time and again, which demand the promotion of application-oriented research. The border between research and industrial politics become blurred, culminating in the Japanese case, where research politics and industrial politics are steered in cooperation with the business sector.

43 See *Herbert König/Walter A. Oechsler* (eds.), *Anforderungen an den öffentlichen Dienst von morgen. Konzeptionen und Fallstudien zur mittel- und langfristigen Vorausschätzung*, Regensburg 1987.

Finally, if post-industrialism takes the shape of a service society, expansion of the civil service is a must anyway⁴⁴. In societies whose economic system features a highly differentiated market economy, state and administration have withdrawn ever more from the production of physical assets, the relevant discussions even implying subjects like water supply. The great majority of public performances can be defined as services: from the education system to health care and from the traffic sector to the aversion of dangers. A welfare state is considered downright exemplary when it performs a maximum of services as does the Scandinavian model for instance⁴⁵. Accordingly, the theorists of post-industrialism stress the growth of the public sector and the expansion of public administration⁴⁶.

IV. ON THE SYSTEM RATIONALITY OF ADMINISTRATION

After having dealt with the environmental conditions of post-industrialism and their relevance to public administration, let us turn back to the issue of whether a paradigm change from administrative management to entrepreneurial management in the state executive is approaching. At this point, a preliminary remark must be made: The epistemological characteristics of the post-industrial society concept are open for dispute. Some will place stress on the idealist assumptions underlying such typification; others will emphasize its orientation to actual facts. Thus, it is the excess of ideas over actually observable trends that less optimistic theories can set out on. Critical annotations are made on unemployment and the refusal of perform-

44 See *Carl Böhret*, Allgemeine Rahmenbedingungen und Trends des Verwaltungshandelns, in: H. Reinermann/H. Fiedler/K. Grimmer/K. Lenk/R. Traunmüller (eds.), *Neue Informationstechniken. Neue Verwaltungsstrukturen?* Heidelberg 1988, p. 30.

45 See *Detlef Jahn*, Schweden – Kontinuität und Wandel einer postindustriellen Gesellschaft, in: *Aus Politik und Zeitgeschichte*, B 43/92, 16. Oktober 1992, p. 22.

46 See *Helmut Klages*, Stichwort "Post-industrielle Gesellschaft", in: Dieter Nohlen (ed.), *Wörterbuch Staat und Politik*, Bonn, p. 556.

ance (cop-out), on the lack of standards and militant attitudes, on entitlement mentality and mass manipulation, on ecological limits and self-imperilment, and, not least, from a social psychology viewpoint, on the discrepancy between expectations and probability⁴⁷.

Indeed, life includes a wide variety of eventualities for which no allowance has been made in the concept of the post-industrial society. Among those relevant to the public administration are for example: regionalism with its poly-central patterns of organization and spatially structured units of action, subsidiarity with its precedence of responsibility on the part of lower-level units, citizen involvement in cultural and social affairs and even in the aversion of dangers, people's participation in public planning and decision-making, as well as many other circumstances. All the same, the typification of post-industrialism allows for such a lot of socio-cultural conditions in the public administration's environment that it must be considered to represent a significant section of real life. Moreover, this section is the one that yields a lot for the subject of entrepreneurial management in the public sector. For the post-industrial society is said to be ruled by economic calculation as well as by considerations of effectiveness and efficiency⁴⁸.

Let us, in that context, have a look at the assessments made by the theorists of post-industrialism themselves: they nevertheless set out on an increase of bureaucratization in public life and the technocratic élites in particular, presuming a public sector growth at the same time⁴⁹. Even for the scientific sector they state that – considering its strong expansion and its central position in the post-industrial society, the huge number of those concerned, and the enormous sums of money required – the bureaucratiza-

47 See *Helmut Klages*, *Selbstentfaltung und soziale Verantwortung. Eine Verteidigung der Gesellschaft gegen ihre Selbstmißverständnisse*, in: Manfred Hennen/Michael Jäckel (eds.), *Privatheit und soziale Verantwortung. Festschrift zum 60. Geburtstag von Friedrich Landwehrmann*, München 1994.

48 See *Daniel Bell*, *Die nachindustrielle Gesellschaft*, Frankfurt a. M./New York 1975.

49 See *Werner Hugger*, *Szenarien alternativer Gesellschaftsentwicklung*, in: Herbert König/Walter A. Oechsler (eds.), *Anforderungen an den öffentlichen Dienst von morgen. Konzeptionen und Fallstudien zur mittel- und langfristigen Vorausschätzung*, Regensburg 1987, p. 88.

tion of science is inevitable. This is seen as implying actual dangers: the freedom of research might be stifled; the assessment of achievements might be distorted; the charismatic dimension of science might fail to be seen, etc.⁵⁰. To avert such dangers one may initiate counter-institutions like a "science parliament" or even resist them in a counter-culture. However, the "bureaucratization of brain work" must be considered as a fact.

Still, arguing that bureaucracy and operational efficiency were simply contradictory is inadmissible. When talking about the sums of money needed, it becomes obvious that money is a medium of communication in bureaucratic administration as everywhere else and that, concomitantly, cost-effective dealings with money become a standard of action in any money economy, as can be looked up for instance in the budget acts. However, that standard of action is not the only one: others include for example the binding force of legislation and legal rules, the hierarchical authority patterns et alia. The fact that the standard of cost-effective action in a bureaucratic administration is only one out of a number of standards with equal status or even superior to it in many situations precludes a solely entrepreneurial management in this type of administration.

No more do the socio-cultural traits of post-industrialism suggest the adoption of principles like free market, competition and entrepreneurialism. If administration in the post-industrial society continues to be a welfare-state administration, it will, to a large extent, be occupied with transfer payments, in the private household sphere comprising children's allowances, housing subsidies, public assistance, training allowances, etc. When allowing for the fact that such payments are not made up for by an economic quid pro quo of same market value, there is a limit to entrepreneurial attitudes from the outset. When subsequently considering the state as a guarantor of human rights, public assistance may not be administered as if one were dispensing charity⁵¹. But, on the other hand, subjecting public

50 See *Daniel Bell*, *Die nachindustrielle Gesellschaft*, Frankfurt a. M./New York 1975, pp. 295-299.

51 See *Helmut Klages*, *Beurteilung der Sozialpolitik vor dem Hintergrund gesellschaftlicher Entwicklungen und sozialpolitischer Gestaltungsmaximen – Aus der Sicht der Wissenschaft*, in: Bundesministerium für Arbeit und Sozialordnung (ed.), *Sozialstaat im Wandel*, Bonn 1994, pp. 75 ff.

assistance to situation-oriented entrepreneurial accounting by the administration depending on the prevailing economic situation, cyclical business activity level or crisis is not admissible either. Such benefits are intended to guarantee the survival needs of human beings; they must provide security and therefore be given a steady shape, for which reason they are defined in legislation and legal claims. So, in this respect, public administration is not a medium of transfer-economy-governed entrepreneurialism.

If we direct our attention to the focal status of science and research in post-industrialism⁵², it must be stated that, even in societies with a political majority giving priority to the yields of the market, the unreserved privatization of public universities, academies and research institutes is not put up for discussion. As a matter of fact, no confidence is placed in the forces of the market in that area. Although this, in the presence of decreasing public finance, does not preclude the management of such institutions from being urged to attach greater weight to cost effectiveness there⁵³. Still, political wisdom implies the admission that scientific findings – even when reduced to their social benefits – imply such a lot of intangibles that economic efficiency considerations cannot turn the scale. Politicians may not, pointing to economic viewpoints, argue the decisions away that they have to take on science politics. Describing the role of a public university president with that of an entrepreneur is true only in minor respects, if at all.

That economic calculations are thus qualified as subsidiary or inferior ranges of assessment becomes even more obvious when post-industrialism and risk society are associated with one another. Let us consider the case of genetic technology: at least in the great industries, the market forces develop such a dynamic force that public subsidies to industrial research

52 See *Carl Böhret*, *Verwaltung und Universität in der Bundesrepublik Deutschland vor den Herausforderungen der neunziger Jahre*, in: A. Frey/J. Bellers (eds.), *Lateinamerika – Westeuropa. Annäherung oder Distanzierung*, Münster 1988/89, pp. 11 ff.

53 See *Walter Kemmler*, *Controlling für Hochschulen – Dargestellt am Beispiel der Universität Zürich*, Bern 1990; *Heinrich Reiner mann*, *Ein zweieinhalbmal "Hoch" für Controlling*, in: *DUZ*, No. 20/1992, pp. 16-17; *Barbara Seidenschwarz*, *Entwicklung eines Controllingkonzepts für öffentliche Institutionen – dargestellt am Beispiel einer Universität*, München 1992.

appear neglectable. As regards such transfer payments to private enterprises for application-oriented research and development, evaluation in accordance with monetary terms and an appropriate administration of subsidies would be perfectly reasonable. However, precautions against dangers are given priority here. Through state regulations, i.e. acts on genetic technology, a framework in terms of safety and order rules must be established for scientific and technical developments in order to tie the society's self-imperilment up with decision-making options, thus turning dangers into risks. The administration must then put such legal regulations into concrete shape as for instance by its approval of genetic technology installations, and this beyond the entrepreneurial spirit. Similar considerations apply to the "information society". One may ask whether it is within the state's purview to instal data highways and manage them as a business. However, ensuring data privacy protection in the interest of the people both by way of legislation and by administrative means is in fact public responsibility.

Model conceptions of a "new" administration take a great liking to the term of "service". This extends from the definition of a local government as a service company⁵⁴ to the conversion of citizens into customers, who then expect state functions to be business services⁵⁵. True, problems of perception arise when police arrest is termed a "service" although not regarded as such by those concerned⁵⁶. But viewed on the whole, the impression is created that the very category of service were implying the entrepreneurial dimension. Yet this would mean that post-industrialism, featuring the serv-

54 See *Gerhard Banner*, Konzern Stadt, in: Hermann Hill/Helmut Klages (eds.), Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe. Vorträge und Diskussionsbeiträge der 61. Staatswissenschaftlichen Fortbildungstagung 1993 der Hochschule für Verwaltungswissenschaften Speyer, Berlin 1993, p. 57.

55 See *Erhard Klotz/Siegfried Mauch*, Personalmanagement in Baden-Württemberg. Die Implementierung einer Konzeption in der Landesverwaltung (part 1), in: VOP, Issue 4/1994, p. 236.

56 See *Hermann Hill/Helmut Klages* (eds.), Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe. Vorträge und Diskussionsbeiträge der 61. Staatswissenschaftlichen Fortbildungstagung 1993 der Hochschule für Verwaltungswissenschaften Speyer, Berlin 1993, p. 103.

ice society as one of its basic traits, would, from the socio-cultural viewpoint, represent an environmental condition of public administration which would suggest a paradigm change towards entrepreneurialism.

The term "service" can be of great help to state and administration. And so can a socio-cultural interpretation. Or, one may look into the question of whether the Swedish welfare state stands out for a preference of services while the German social welfare state gives priority to transfer payments, implying consequences in terms of public employment. This, however, makes it clear already that an interpretation of services merely making a point of their contrast to the production of physical assets, merely is of limited help in the public sector. The focal point in the appropriation of children's allowances, housing subsidies, or supplementary welfare benefits does not lie in the immaterial gains but in public assets. The market does not – fundamentally – make available such transfers. They can be valued in accordance with definite economic criteria and principles. But, in the final analysis, the procurement of public assets must be decided on in the political and administrative sphere⁵⁷. The authoritative and binding decision on appropriation or denial of any such transfers then represents the core of administrative action. We are discussing public services, from which conclusions to entrepreneurial management in the public sector may not be drawn without reservations.

Now, voices will be heard complaining that we were taking the slogan of entrepreneurial management too seriously. In fact, they say, this were a matter of something like a third option between state and market⁵⁸. At this point, it must be distinguished carefully between improvements in the application of cost effectiveness standards in politics and administration and that standard's upgrading as against other standards of action. Improvements in the economic handling of public affairs actually suit post-industrialism like a tee. But a general upgrading of economic efficiency compared with the standards of humanity, democracy, and the rule of law

57 See *Richard A. Musgrave/Peggy B. Musgrave/Lore Kullmer*, *Die öffentlichen Finanzen in Theorie und Praxis*, Vol. 1, 5th ed., Tübingen 1990, pp. 60 ff.

58 See *Heinrich Reinermann*, *Die Krise als Chance: Wege innovativer Verwaltungen*, *Speyerer Forschungsberichte* 139, Speyer 1994, p. 16.

would result in a paradigm change. There are certain instances where such new priorities can be observed. The best-known case probably is that of the Gramm-Rudman-Hollings Act in the United States of America⁵⁹. Setting out on the intellectual approach underlying a certain economic theory, an act was passed initiating some automatic economic curtailment mechanism in budgeting so as to attain certain compensational targets. As it were, an economically governed procedure was given priority over politically determined proceedings. The result were many years of fluttering in the estimates of public receipts and disbursements, not, however, a curtailment of national debts.

So, the idea of outwitting politics by economic means does not appear to be enough. To come to an end, let us once again direct our attention to theoretical knowledge as the focus of the post-industrial (universitary) society. Science also is a politico-administrative event. In post-industrialism, it is blamed of bureaucratization. Concomitantly, we have good reasons to strengthen the application of operational efficiency standards in scientific matters. For instance, introducing some kind of controlling in accordance with definite economic standards at the universities appears absolutely desirable⁶⁰. Yet it would have to be confined to the assessment of secondary performance criteria⁶¹, namely labour force, infrastructure, organizational size, equipment outfit, etc. The economic assessment standard may not be rated higher than the standard of evaluation relating to scientific quality itself. This, anyway, is not the idea of the "axial principle" in post-industrialism. Public universities and also the public sector need other remedies than the entrepreneurial handling of marketable goods. The socio-cultural environment in a post-industrial society relates to cost-effec-

59 See *Klaus König*, Zur innenpolitischen Agenda – Die amerikanische Bundesregierung am Beginn der neunziger Jahre, *Speyerer Forschungsberichte* 121, Speyer 1993, pp. 33 ff.

60 See *Heinrich Reinermann*, Ein zweieinhalbmal "Hoch" für Controlling, in: *DUZ*, Issue 20/1992, pp. 16-17.

61 See *Andreas Hoffjan*, Effizienzvergleiche öffentlicher Theater. Cost Benchmarking als strategische Erweiterung eines theaterspezifischen Controlling, in: *ZögU*, Vol. 17, Issue 3/1994, p. 293.

tive modernization, but not to a change of paradigms towards entrepreneurial management in public administration.

"NEW" ADMINISTRATION OR MODERNIZATION OF ADMINISTRATION: ADMINISTRATIVE POLITICS IN THE NINETIES*

In a trans-border innovation movement, a "new" administration is being called for. New Public Management, Reinventing Government, the development of management in European states and management models at the local level are to be presented in order to define the world of administrative innovation as well as to substantiate the rhetoric of market, competition, enterprise, services and customers. The alleged shift of paradigms from executive to entrepreneurial management in public administration will be called in question. The fact of the matter is the modernization of administration. The question of topical importance in administrative politics is how the economic aspect can be given a higher rating in public administration.

I. PUBLIC ADMINISTRATION: IN CULTURAL AND UNIVERSAL TERMS

When coming to Switzerland from a state practising the classical type of administration like France, Austria or Germany, one must note that one is entering a territory with a system of government and administration deviating in many respects from the continental European lines of tradition. This includes a lower degree of centralization and uniformity, the means of more direct democratic participation, a more flexible professionalization reminiscent of the militia concept, and, besides other factors, a higher degree of selectivity in the nationalizing of social functions. Thus, Switzerland is used to being at the tail-end of international statistics listing the relations between overall public expenses and the gross national product in the Western industrialized countries. A government activity rate of between

30 and 40 percent is distinguishing it not only from the Swedish welfare state's 60 percent rate¹. In view of the doubts about the policy of expanding public functions and budgets so widely, some observers may consider the Swiss state institutions with their functional orientation to more elementary social needs already to have realized what other countries are still trying to cope with by way of administrative renewal.

Yet it would be too simple to see Switzerland as a country, on the one hand, featuring an economic system, from banking to the chemical industry, with clearly transnational and universalist traits, and, on the other hand, a politico-administrative system that persists in long-standing institutions, tied up with its hereditary culture. Public officials negotiating with Swiss tax and customs authorities, travellers using Swiss infrastructure from airports to highways, scientists maintaining contacts with Swiss universities, will learn that Switzerland may be under-bureaucratized as compared with other continental European countries², but that administration there is actually characterized by a modern functional performance system, i.e. distribution of competencies, adherence to rules and regulations, hierarchy, professionalism, etc. This rationalization of highly differentiated functional spheres of action in accordance with principles of their own is the fundamental characteristic of modern societies³. No matter what cultural bonds in time and place, it provides certain universalist basic traits not only for economic life but for public administration as well. This allows administrative reform movements to spread across national borders, such as, for example, the privatization movement, enables inter-state organizations like

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1 See OECD Economic Outlook, No 53, Juni 1993.

2 See *Leonard Neidhart*, Regierungs- und Verwaltungssystem in der Schweiz und der Bundesrepublik Deutschland – Ein Vergleich, in: *Adrienne Windhoff-Héritier* (ed.), *Verwaltung und ihre Umwelt. Festschrift für Thomas Ellwein zum 60. Geburtstag*, 1987, pp. 170 – 193 (178).

3 See *Niklas Luhmann*, *Soziale Systeme*, 2nd ed., 1985.

the European Union to be structured to the internationalized pattern of national administrations, and permits administrative institutions to be transferred, for instance from France to Germany, in creating modern administrative law.

Such universalism, prevailing also in Switzerland with its deeply rooted culture, now allows raising the question often asked at international administrative science congresses, namely "What is new in public administration?". The answer currently given in many places is: "public administration itself", the catchwords designating such new developments reaching from "a new control model" to "reinventing government". The concept of paradigm shift is employed to denote a new basic understanding of public administration on the lines of an "invention" of bureaucracy⁴.

II. NEW PUBLIC MANAGEMENT

Many concepts and models must be surveyed to get a description of the world of administrative renewal. However, if changes in real facts are to be outlined as well, one will have to pay attention primarily to the more recent administrative policy in Great Britain, New Zealand and Australia. It follows an economic conception and relates to both the system and environment of public administration, thus dealing with rationalization internally and privatization externally. So, this kind of administrative policy was given its own signature in the term of New Public Management⁵.

In the privatization movement, the decisive determinant of public sector contraction in Western Europe, North America, and East Asia since the end of the seventies, Great Britain holds a prominent place. Thatcherism was the manifestation of the neo-liberal economic policy concept implying the superiority of market services over the administrative execution of func-

4 See *Heinrich Reinermann*, Die Chance als Krise: Wege innovativer Verwaltungen, *Speyerer Forschungsberichte* 139.

5 See *Christopher Hood*, Public Management for all Seasons, in: *Public Administration* 1991, pp. 3 – 19; *Christopher Pollitt*, *Mangerialism and the Public Services: The Anglo-American Experience*, 1990.

tions. The host of denationalization actions, from the automobile industry to air carriers, from tele-communication to energy utilities are well known⁶. Privatization revenues served to consolidate public budgets. De-regulation and cuts in subsidies were intended as a further help to establish market conditions. While this was basically a matter of material reassignments in favour of the private sector, New Zealand was beginning privatization with formal organizational approaches. Monopoly rights and administrative control mechanisms on the part of state-owned companies were abolished, instituting management autonomy, result-oriented standards, etc.⁷. Beyond this, a so-called Comprehensive Privatization Program introduced economic viewpoints for the work of social institutions like hospitals. Moreover, the principle of user fees was adopted for a great number of public functions and services. Finally, endeavours were made towards the material privatization of state-owned enterprises by selling shares and rights of use⁸.

Similar to New Zealand, Australia directed its attention since the middle of the eighties first of all to the internal economization of public administration, subsequently proceeding to privatization in certain sectors. Under the catchword of commercialization, the main target was a high degree of cost coverage in the execution of public functions⁹. Financial grants were to be made transparent, costs were to be levied in accordance with the services rendered, "external charging" was to reveal the value of services and, whenever possible, cost coverage was to be achieved. Deregulation measures were to ensure competition between public and private bidders.

In all three New Public Management countries, the economization strategy brought about extensive reorganization measures. One of the underlying basic ideas was that separating political functions, on the one hand,

6 See Andrew Pendleton/Jonathan Wintertan (eds.), *Public Enterprises in Transition: Industrial Relations in State and Privatized Corporations*, London et al. 1993.

7 See *Reginald C. Mascarenhas*, *State-Owned Enterprises*, in: *Jonathan Boston/Patrick Walsh/June Pallot/John Martin* (eds.), *Reshaping the State: New Zealand's Bureaucratic Revolution*, 1991, pp. 27 – 51.

8 *Reginald C. Mascarenhas*, *Privatization: A New Zealand Case Study*, 1993.

9 *Alexander Kouzmin*, *The Dimensions of Quality in Public Management. Australian Perspectives and Experiences*, in: *Hill/Klages* (eds.), *Qualitäts- und erfolgsorientiertes Management*, 1993, pp. 211 – 249 (225 ff.).

from executive functions, on the other, was necessary to improve productivity and efficiency. Accordingly, "executive agencies" were set up in Great Britain which, although associated with the ministries, were to act in a largely autonomous manner. By the end of the decade, 90% of all civil servants are to be employed in such agencies, which currently include labour administration, social insurance, as well as tax, customs and passport offices. These agencies are associated with the ministries by means of a so-called framework agreement, defining their scope of activity and financing as well as certain performance standards. Apart from this, their heads are largely autonomous in budget, personnel and organizational affairs, though directly responsible to parliament and the general public. Furthermore, the agencies may have semi-governmental or non-governmental forms of organization.

Like Great Britain, New Zealand also took up the idea of separating political negotiation and development functions, on the one hand, from service functions – service delivery – on the other, by organizational measures, such measures taking shape either in internal differentiation within the ministry, in education and transport for example, or in the assignment of functions to separate executive units. This was completed not only by other organizational reforms but also by a vertical shift of service functions to the district administration level¹⁰. As to Australia, however, it must be pointed out that the number of "agencies" was reduced in the interest of a coherent performance of functions, simplified budgeting and lower coordination expense¹¹.

Corresponding to such reorganizations, procedural reforms were implemented which were intended to modify the control of administration adhering to rules and regulations more in favour of the management concept. In Great Britain, target-oriented management systems, cost centres with global budgets, and, last not least, competition mechanisms were introduced. Where services are similar, such competition was intended to

10 See *Jonathan Boston*, *Origins and Destinations: New Zealand's Model of Public Management and the International Transfer of Ideas*, Manuskript, Juni 1994.

11 See *Reginald C. Mascarenhas*, *Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain and New Zealand*, *Public Administration Review* 1993, pp. 319 – 328 (324).

take place both between authorities and with private enterprises; limits of what may be out-contracted to the private sector are quite widely defined, namely up to payroll accounting for civil servants and the drawing up of specific policies. Where no competitive situation can be created, such a situation is to be simulated, producing the corresponding pressure by a permanent comparison of performances in the sense of bench-marking. As for the public at large, certain standards have been guaranteed to them in their capacity as customers in the Citizen Charter, the administrative agencies themselves having to undertake the obligation to meet such standards¹². These standards relate to the substantive dimensions of administrative performances as well as to their form and procedure, which in some sense take precedence over the legitimacy of administrative action. Reports on success or failure aim at establishing comparability and simulating competition¹³.

In New Zealand, the intentions of New Public Management were followed in the process structures by abolishing the former programme-related allocation systems, replacing them by a result-oriented mode of allocating financial resources on the basis of global budgets. For comparison purposes, performance measurement indicators were developed and further controlling systems initiated¹⁴. In Australia, too, procedural measures were taken to improve financial management and make the use of resources more effective and efficient, as well as to ensure market and customer-oriented spending¹⁵.

Measures aimed at material and formal privatization, at reorganization and procedural reform implied incisions into the traditional vested rights of the established and non-established civil service. This manifests itself, on the one hand, in staff cuts, reducing the number of civil servants to save

12 See HMSO (ed.), *The Citizen's Charter: Raising the Standard*, 1991; HMSO (ed.), *The Citizen's Charter: First Report*, 1992.

13 See *Frederick Ridley*, *Verwaltungsmodernisierung in Großbritannien*, in: *Hill/Klages* (supra note 9), pp. 251 – 257.

14 See *Graham Scott/Peter Bushnell/Nikitin Saltee*, *Reform of the Core Public Sector: New Zealand Experience*, *Governance*, Vol. 3, No 2 April 1990, pp. 138 – 167 (145).

15 See *Kouzman* (supra note 9), p. 217.

personnel costs. While Great Britain was still employing 700,000 civil servants in the early eighties, there were only 500,000 of them left ten years later. Parallel to this, a privilege-curtailing strategy was followed in regard to the civil servants' remuneration. Finally, performance-oriented personnel-management mechanisms were established, including performance indicators and incentive bonuses and intended ultimately to overcome the career principle by way of job classifications¹⁶.

New Zealand, too, intervened in the prevailing staff conditions with a view to the performance principle; the respective approaches included the flexibilization of remuneration in accordance with the requirements of the job concerned, the abolishment of privileges, as well as contractually defined scopes of action. Particular regard was given to top positions in the civil service, laying down new rules for recruitment, admitting temporary appointments and performance agreements¹⁷. In Australia, they began by transforming the hereditary civil service's four categories in the interest of mobility, equal chances, and performance-oriented service into a two-category system of classification. Leaner personnel management was the target. Later, specific classifications were integrated into a uniform structure, introducing a host of initiatives aimed at improving the civil service in terms of education and further training, personnel recruitment and career development¹⁸.

III. REINVENTING GOVERNMENT

The mere signature of "New Public Management" that was applied to the outlined administrative policy in Great Britain, New Zealand, and Australia makes it clear that not only neo-liberal economic theories were having an effect on administrative renewal but also management models that had been developed initially for private enterprise. Thus, this new

16 See *Nevil Johnson*, *Der Civil Service in Großbritannien: Tradition und Modernisierung*, DÖV 1994, pp. 196 – 200.

17 See *Boston* (supra note 10), p. 22.

18 *Kouzmin* (supra note 9), pp. 222 – 225.

assessment of the public sector was also described as neo-Taylorism. Two management models are given particular attention, namely Lean Management¹⁹ and Total Quality Management²⁰.

Unlike the classical Taylorism, Lean Management goes on from the principle of entirety. Its target is to improve the efficiency and effectivity of enterprises by integrating functional, personnel and organizational elements. The starting point for this is an organizational transformation from a constructional to a procedural structure, internally flexibilizing the processing of information, at the same time aligning it to external requirements, i.e. client orientation. The principal elements being proposed are the reduced division of labour and standardization, the establishment of internal and external networks, team work, decentral responsibility for resources, reduced production depth, competition between the various units, as well as contract management between executives and employees²¹. This is to attain better results out of leaner production factors. Vital importance is attached to the employees' advancement and their encouragement increasingly to act on their own initiative. Attention is being paid to the Japanese example of "Kaizen", i.e. the realization of a continual improvement process²². This results in association with the concept of behavioural orientation to total quality. With principles like customer satisfaction, employees' participation and also continual improvement, the objectives followed in various forms are quality definition, quality assurance, quality measurement, and quality improvement. Sometimes, such models are transferred to the public sector in a short-circuit operation²³. But political partiality to lean government²⁴

19 See Dirk Bösenberg/Heinz Metzen, *Lean Management – Vorsprung durch schlanke Konzepte*, 4th ed., 1994.

20 See Tom Peters, *Jenseits der Hierarchien, Liberation Management*, 1993.

21 See Christoph Reichard, *Kommunales Management im internationalen Vergleich*, *Der Städtetag*, 12/1992, pp. 844 ff.

22 See Imai Masaaki, *Kaizen*, 1993.

23 See Hermann Hill/Helmut Klages (eds.), *Spitzenverwaltungen im Wettbewerb, Eine Dokumentation des 1. Speyerer Qualitätswettbewerbs 1992*, 1993.

24 See Reinermann, *Lean Government, Office Management 1993*, pp. 42 ff.

and a lean state²⁵ is nonetheless sometimes restricted to the call for staff cuts in public administration.

In contrast to the above, the concept of Reinventing Government²⁶, which has meanwhile led to the formation of a kind of administrative science school in the United States of America, constitutes an elaborate mix of neo-liberal views of economy and the most recent management models. The ten principles of this concept can be summarized as follows: (1) The administration should look for alternatives to the in-house execution of functions, by contracting out, by public-private partnerships as well as by new flexible instruments of financing; (2) Not all administrative functions should be fulfilled by civil servants, but executed in increasing measure by integrating clients into councils and management teams; (3) Competition should be introduced between individual administrative units; (4) Administrative agencies should reduce the number of regulations and laws, annual budgets and detailed job classifications should be abolished and replaced by clearly defined targets; (5) The assessment of administrative performances and the allocation of funds should be oriented to output criteria; (6) The administration's clientèle shall be regarded as customers, whose interests, appreciations and demands have to be matched with appropriate qualifications on the part of the administrative staff; (7) The administration is not just to spend money but to earn additional funds as well, for instance, from user fees, enterprise funds, entrepreneurial loan pools and profit centers; (8) The administration should not just render services but also take preventive measures to avoid the very generation of new functions and claims; (9) Centralized institutions should be de-centralized, hierarchical control being replaced by participatory management; (10) The administration should reach its aims not just by commands and control but by restructuring markets and applying market-economy instruments, for example, in environmental protection or health insurance²⁷.

25 See *Heinz Metzen*, *Schlankheitskur für den Staat. Lean Management in der öffentlichen Verwaltung*, 1994.

26 See *David Osborne/Ted Gaebler*, *Reinventing Government. How the Entrepreneurial Spirit is Transforming the Public Sector*, 1992.

27 See *Charles T. Goodsell*, *Reinvent Government or rediscover it?*, *Public Administration Review* 1993, pp. 85 – 87.

This "entrepreneurial spirit" has also seized the democratic presidency in the United States. The American Vice President presently in office submitted a Report of the National Performance Review entitled "Creating a Government that works better and costs less". Under topics like cutting off bureaucratism, customer orientation, civil servants' empowerment to result-oriented action and return to the essentials, this report contains 800 suggestions for modifications regarding the budgeting process, personnel policy, the procurement system, etc., the customer's vote and choice, competition, market-oriented action and so on; also, it deals with the decentralization of decision-making, responsibility for results and so on, with productivity, cost-cutting etc. These suggestions are of varying calibre; however, keeping in mind the fact that the Report envisages staff cuts of 252,000 persons among federal civil servants as well as 108 thousand million dollars' savings over five years²⁸, one will appreciate the distance that must be covered to arrive at an entrepreneurial state serving satisfied customers.

So, outwith critical argumentation with the postulate for paradigm shift from the traditional American administrative management to the novel entrepreneurial management in public administration, it is the question of implementation that is occupying the attention of administrative scientists and practitioners alike. First appraisals of the National Performance Review note the following: resonance in the government machinery, simplification of rules and procedures, above all, in the administration of federal staff, the reform of the modes of procurement, improved coordination of management matters within the government, the production of new ideas in new invention laboratories. Reference is made to a specific problem, namely preoccupation with money saving vis-à-vis improvements of performance output²⁹. Meanwhile, majorities in the Congress have changed. The President has less control over his initiatives than ever. On the other hand, old

28 From Red Tape to Results: Creating a Government that works better and costs less, *Report of the National Performance Review*, Vice President Al Gore, Washington 1992.

29 Donald F. Kettl, *Reinventing Government? Appraising the National Performance Review*. A Report of the Brookings Institution's Center for Public Management, 1994, pp. 54 ff.

opponents to the Federal bureaucracy among the Congress majority have already come forward. One will have to wait and see.

IV. MANAGEMENT DEVELOPMENT IN EUROPEAN STATES

Returning from the United States to Europe, one can observe widespread intentions to reshape the public sector, here, too. Extensive welfare state tasks, reduced financial latitude, economic structural crises, and the internationalization of public matters have put state administrations under reform pressure. One of the targets underlying this process is making public administration leaner and more flexible in order to allow it to be better oriented to the needs of citizens and private economy. On the other hand, an inclination can be noticed to decentralize responsibility for resources and results, simultaneously strengthening internal rationalization, for instance, by management techniques designed to improve quality. Recent events are dealt with in an OECD Report entitled *Public Management Developments*, submitted in 1993³⁰.

Finland, Iceland and Sweden, for example, introduced market mechanisms within the public sector in order to strengthen the idea of competition between public and private institutions. Denmark followed the British example by establishing seven independent "Agencies" which were given four years' budgets under their own control in accordance with respective agreements, thus allowing more flexible scopes of action and higher degrees of cost coverage, at the same time even ensuring better quality in the performance of functions. Similar trends are beginning to be seen in this regard in the Netherlands and in other Scandinavian countries. Parallel developments are occurring in a host of countries such as Portugal, the Netherlands, Iceland or Ireland, where the privatization of public enterprises is being advanced or public enterprises are being restructured in line with market economy criteria and granted greater autonomy such as in

30 *OECD/PUMA* (ed.), *Public Management Developments*. Survey 1993, 1993.

Belgium, Finland, France or Sweden. To the organizational viewpoint of vertical decentralization increasing importance is attached in Denmark, in the Netherlands and in Spain, in an endeavour thereby to ensure both a more flexible and citizen-oriented execution of public functions. In France, priority is given to the deconcentration of authorities. In Germany, the main points in public administration at Länder level are administrative controlling, acceleration of processes, and privatization.

Generally speaking, it can be observed that measures for the administration's internal economization have gained weight over the policy of privatization and granting independence to the executive bodies. From the early nineties, more management-oriented attitudes have been applied, focussing on result-oriented administrative action, on new forms of fund control like global budgets, on decentral responsibility for resources, contract management, administrative de-regulation as well as on the introduction of information and communication technologies. Administrative renewal topics have gained importance on the domestic policy agenda in many countries³¹.

V. MANAGEMENT MODELS AT LOCAL LEVEL

When, finally, turning to the local-government sphere of the administrative landscape, one will notice that, here too, managerism, customer-oriented action and efficiency are the precepts of reform policy being applied in many places. Management models and management experiments are so numerous that one can list only some outstanding examples. Such a significant case is the municipal administration of Phoenix/Arizona in the United States³². There they have tried to make allowance for the decreased financial scope not by raising taxes but by rationalizing both externally and internally. Through public relations work, customer opinion polls, help for

31 OECD/PUMA (supra note 30), p. 13.

32 *Bertelsmann Stiftung* (ed.), *Carl Bertelsmann Preis. Demokratie und Effizienz in der Kommunalverwaltung*, Vol. 1, Dokumentationsband zur internationalen Recherche, 1993, pp. 129 ff.

self-help, and neighbourly help and also with the aid of public invitations to tender issued generally for all and any services, the people's support was to be won for "joint ventures" with their municipality. Municipal programmes such as, for example, social welfare programmes were then tailored to suit such neighbourhood conceptions. Neighbourhood committees were allowed to contribute to the planning process, experiences made by civil servants in authorities at grass-root level were allowed for in decision-making. The employees were mobilized by means of an internal suggestion system as well as by success-related bonuses. The introduction of a budgeting process, in which every department must, on principle, check 5 – 10% of its output, a thorough programme evaluation, and also the development of performance and standard indicators as well as relevant controlling systems were to advance internal rationalization.

While the administration's structure in Phoenix/Arizona was largely preserved, Christchurch (NZ) separated the organization into various functional areas, establishing "client units" – more or less order-issuing units – providers, i.e. operative service-rendering units, and internal assistance units. These sectors are meant to act with a comparatively large measure of independence from each other, "buying" the required services from one another or from cheaper third parties in the private sector. In addition, the clients' perspective was to be given greater weight by granting the general public extensive rights of participation for example in the planning and budgeting processes, by conducting opinion polls and instituting service centres. Between municipal council and administration, Community Boards were interposed. Transparency of costs, quality and economic efficiency comparisons as well as controlling were further reform items³³.

Tilburg (NL), on the other hand, decided to reshape the municipal administration on the model of a company group operating under private law. One of the focal points of that reform was central control by a council formed by the mayor and his deputies, the town secretary and his control service, the service directors' management conference as well as the controller conference. Further characteristic features include a group budget on

33 Bertelsmann Stiftung (supra note 32), pp. 83 ff.

the one hand, and decentral responsibility for resources on the other, as well as extensive reporting and controlling³⁴.

In Germany, these concepts have been developed further into a "new steering model" by the Joint Local Government Centre for Management Studies (Kommunale Gemeinschaftsstelle für Verwaltungsvereinfachung). The noticeable factors about this model are not only in the company group structure but above all in the functional separation of politics and administration, in the decentral responsibility for resources, contract management, and also the new forms of central and result-dependent control³⁵.

Also in Switzerland, approaches to administrative management at local level have been developed, such as, for instance, the new municipal administration model in Bern – "Neue Stadtverwaltung Bern". Under this project, levels of action, viz. normative, strategic and operative, are differentiated in great detail functionally in accordance with the organization of the political and administrative sectors in the municipality, the operative level including not only the municipal administration but also private and non-communal administrations³⁶.

34 See *Michael Blume*, Tilburg: Modernes betriebswirtschaftlich orientiertes Verwaltungsmanagement, in: *Christoph Reichard/Gerhard Banner* (eds.), *Kommunale Managementkonzepte*, 1993, pp. 143 – 160; *Judith Raupp*, Gibt es das Tilburger Modell? Tilburg – das Mekka der Verwaltungsreformen, *Die Gemeinde* 1994, pp. 665 – 666.

35 See *KGS* (ed.), *Das neue Steuerungsmodell. Begründung, Konturen, Umsetzung*, Bericht 5/1993.

36 See *Projektteam "Neue Stadtverwaltung Bern"* in *Zusammenarbeit mit dem Institut für Finanzwissenschaft und Finanzrecht an der Hochschule St. Gallen* (ed.), "Neue Stadtverwaltung Bern". Mögliche Ausgestaltung eines modernen Verwaltungsmanagements in der Stadt Bern, 1994.

VI. ENTREPRENEURIAL MANAGEMENT AND PUBLIC ADMINISTRATION

If we turn away from this outline of a world of administrative renewal to the issue of how the relevant approaches should be assessed, we have to note that many of them are still at the concept and model stage. Even in those cases where administrative practitioners are dealing in comparatively concrete form with the renewal of their scope of experience, there will be general reservations relating above all to the previous reform of the civil service and the reorganization of relationships between the political and administrative sectors³⁷. Where concrete innovation programmes and projects are being realized, their state of implementation is still open. Where there are indications of new management approaches being implemented, there is a lack of valid evaluations beyond the subjective image promoted by politicians and top civil servants. An exceptional case is Australia, where mainly parliamentary committees have dealt with the effects and consequences of managerialist reforms³⁸. When studies made there suggest that orientation to efficiency was to the detriment of equality, it was really a matter of relevant effects. Equality "before the dollar" is, in point, not just the same as the equality meant by a social and constitutional state.

Yet even as regards the now long-established administrative policy of New Public Management, voices can be heard calling it "good on rhetoric and short on substance". Anyhow, after this qualitative judgement, we may investigate innovation rhetoric. For the signature of "new approaches" is important to public administration. It is to its detriment when reform projects are designated as impracticable. When a German Land government, for example, was confronted with the demand that policy forming be reorganized in accordance with the "IPEKS" model of integrated planning, decision-making and control, that model's practicability was questionable

37 See Benno Bueble, Brauchen wir "Lean Management" in der öffentlichen Verwaltung?, VOP 1993, pp. 223 ff.; Manfred Timmermann, Wirtschaftliches Handeln öffentlicher Verwaltungen. Grundsätzliches aus ökonomischer und verwaltungspraktischer Sicht, VOP 1993, pp. 97 ff.

38 See Kouzmin (supra note 9), pp. 228 ff.

from the outset, precisely because the political process does not proceed in that way. When the project had failed, however, the planning authority was left alone with reproaches of bureaucratic incapability and bureaucratic resistance. Thus, one should doubt whether a municipality should be termed a "company group", if the said municipality is not able to realize what concerns can do under the pressure of rationalization, namely sell affiliates, close down lines of production, shift locations, externalize costs, and so on³⁹.

The rhetoric of "new" administration is the rhetoric of market, competition, enterprises, services, customers, and above all of entrepreneurial management, symbolizing the abandonment of the "old" administrative management. One must remind oneself of the cultural premises of public administration, if one is to assess this kind of language. The basic characteristic of modern societies is their functional differentiation into relatively independent subsystems and spheres of action together with the rationalization of these fields in accordance with their respective principles. The economic system which is governed by principles like market, competition, and property rights and the administrative system with principles like the adherence to rules and regulations, hierarchy, and public purposes overriding the property order are significant fields of action resulting from such a historical background⁴⁰. In practised socialism, they had stepped away from this course of development. Society was subjected to systemic ideology and the will of one party. The economy was nationalized as a matter of course. A cadre administration was slipped over state, economy and society. This Marxist-Leninist attempt at counter-modernization has failed. It could not keep up with the Western differentiation of individual

39 Eberhard Laux, *Die Privatisierung des Öffentlichen: Brauchen wir eine neue Kommunalverwaltung? – Visionen und Realitäten neuer Steuerungsmodelle* –, *Der Gemeindehaushalt* 1994, pp. 169 ff.

40 See Niklas Luhmann, *Theorie der Verwaltungswissenschaft: Bestandsaufnahme und Entwurf*, 1966; Klaus König, *Öffentliche Verwaltung als soziales System*, in: Remer (ed.), *Verwaltungsführung*, 1982, pp. 3 ff.

rights, pluralism, market economy, democracy, rule of law, and social welfare administration. Socialism in practice had to declare bankruptcy⁴¹.

Now, the "new" administration's rhetoric apparently wishes to push aside the basic optimality of the different system rationalities. The market economy's "victory" over the centrally administered economy, in some speeches, seems to change into a victory of the principles of economy over the state principles. But even economic liberalism does not question the state in itself. On the contrary, a constitutional state is considered the fundamental precondition for the rise and further development of a market economy. Moreover, the state must act when the market fails. Both these facts became manifested in the historical phase of the socialist economic and social system's transformation, particularly in the German case⁴². Even industrial circles praised the West German administration for having preserved the rule of law which was otherwise taken for granted. Moreover, performances on the part of the welfare state administration, safeguarding the upkeep of the East German population, could well stand comparison with what market dynamism achieved there. Anyway, an Anglo-Saxon remark should not pass unnoticed, saying that economic performance in countries resorting to entrepreneurial rhetoric for the public sector fell short of that in countries like Japan and West Germany, where New Public Management has not been implemented yet⁴³.

Economic theory provides a host of arguments in favour of the social division of labour between state and market in the supply of goods. Characteristic features for state activities include, for example, the non-applicability of the exclusion principle – i.e. when utilization cannot be made dependent on any payments – or non-rivalling consumption within capacity limits – i.e. consumption on the part of one individual does not exclude

41 See *Klaus König*, *Zum Verwaltungssystem der DDR*, in: *König* (ed.), *Verwaltungsstrukturen der DDR*, 1991, pp. 9 – 44.

42 See *Klaus König*, *Transformation als Staatsveranstaltung*, published in *Leviathan*, Vol. *Transformationsprozeß in Mittel- und Osteuropa*", 1995.

43 *Reginald C. Mascarenhas*, *State Intervention in the Economy: Why is the United States different from other mixed Economies?*, *Australian Journal of Public Administration*, 1992, Vol. 51, No 3, pp. 385 – 397; *Hood* (supra note 5); *Mascarenhas* (supra note 11), p. 325.

consumption by others. Other reasons relate to external effects or increasing returns to scale⁴⁴.

Moreover, economic theory classifies goods as to whether they are merit goods or are demeritorious, i.e. whether society tries to favour their procurement or make it more difficult irrespective of market preferences. The constitutions alone may stipulate official objectives on the subjects of environmental protection, employment, or housing beyond individual preferences that must be respected by the economic society in constitutional states⁴⁵. When it comes to the bit, as became significant during the recent privatization processes in Great Britain, France, Germany, Japan, and the United States, it can be observed how controversial economic, legal, political and social reasons are both in themselves and in their inter-relationships. There remains the realisation that state activities – although developed in the course of time – must be decided on politically⁴⁶. Accordingly, economic theory must have a formal definition to hand of what are public goods. Thence, type, scope and distribution of private goods are decided on by bringing individual preferences into harmony via the market mechanism, while decision-making on the production of public goods results from a collective, i.e. this very politico-administrative, will-formation process⁴⁷.

In the approaches to a "new" administration, the contrast between state and economy as manifested in the privatization or deregulation discussions loses importance, and the issue of principles is dealt with as a management problem. It is rather a matter of the public administration's internal economization. Paradigm shift is meant to take place from administrative to entrepreneurial management. Yet attention must be given in this context to the fact that the term "entrepreneur" is tied up inseparably with a market economy system of order. Market economy is epitomized in the entrepre-

44 See Robin W. Boardway/David E. Wildasin, *Public Sector Economies*, 2nd ed., 1984, pp. 83 ff.

45 See Klaus König, *Staatsaufgaben und Verfassungen der neuen Bundesländer*, published in *Festschrift für den Heymanns Verlag "Verfassungsrecht im Wandel"*, 1995.

46 See Klaus König, *Kritik öffentlicher Aufgaben*, 1989.

47 See Richard Musgrave/Peggy Musgrave/Lore Kullmer, *Die öffentlichen Finanzen in Theorie und Praxis*, Vol. 1, 5th ed., 1990, pp. 60 ff.

neur, so to speak. He combines production factors in order to produce goods and services for marketing at a profit. He is the prime mover of market economy developments⁴⁸. These bonds with the market economy system remain the same, when property rights and risks are differentiated in detail and salaried managers fulfil entrepreneurial directing functions. Entrepreneurial management is not a function that can be limited to internal structures.

If the entrepreneur's role is inseparably interwoven with the market – entrepreneurs are not conceivable without markets – the rhetoric of the entrepreneurial spirit in the administration is contradictory, for it is devoid of a market environment. We would have to alter the environment, abandon the state in favour of the market, if a paradigm shift from administrative management to entrepreneurial management were to take place. However, since nobody wants to renounce the state, public goods or collective decision-making on their production, we need a public administration management that reflects the administration's environment. And that is executive management, the type of management characteristic of modernity. In its commitment to human rights it reflects a humane environment, in the primacy of politics it reflects a democratic environment, and in the rule of law it reflects a constitutional environment⁴⁹.

Also, the fundamental difference between market and state, between entrepreneurial and executive management cannot be glossed over rhetorically as seems to be the purport of terms like service or customer⁵⁰. One gains the impression that the category of service implies an entrepreneurial function, so to speak, for instance, when a municipal administration is

48 See *Peter H. Werhan*, *Der Unternehmer – Seine ökonomische Funktion und gesellschaftspolitische Verantwortung*, 1990.

49 See *Carl Böhrer*, *The Tools of Public Management*, in: *K. A. Eliassen/J. Coemann* (eds.), *Managing Public Organizations. Lessons from contemporary European Experiences*, 2nd ed., 1993, pp. 87 ff.

50 *Gerhard Banner*, *Konzern Stadt*, in: *Hill/Klages* (supra note 9), pp. 57 ff.; see *Hermann Hill/Helmut Klages*, *Von der Behörde zum Dienstleistungsunternehmen: Die Kommunen brauchen ein neues Steuerungsmodell*, VOP 1991, pp. 6 ff; *Hermann Hill/Helmut Klages*, *Neue Trends im kommunalen Management*, VOP 1994, pp. 5 ff.

defined as a service company. True, the term "service" can be a great help to state and administration. One can look into the question of whether the Swedish welfare state is noteworthy for its preference for services while the German social state is characterized by its preference for transfer payments – involving consequences in terms of public employment⁵¹. This, however, makes it clear already that an interpretation of services merely making a point of their contrast with the production of material goods, is not helpful here. The essence in the granting of children's allowances, housing subsidies, and welfare benefits is, after all, not the material aid but the public assets. It is precisely such transfers that are, fundamentally, not effected by the market. They can be evaluated in accordance with definite economic criteria and principles. But, in the final analysis, the production of public goods must be decided on in the politico-administrative sphere. And the authoritative and binding decision on the granting or refusal of such aid is then a focal administrative responsibility. We are not discussing private but public services, and in this matter conclusions as to their entrepreneurial character are not admissible.

The same applies analogously to the citizen's transformation into a customer. Even arrest by the police is then said to be a service to the person, or "client", concerned⁵² – although such person, for good reason actually, does not feel this way, since this is a matter of safeguarding public security for the sake of the public at large. The multifarious differentiation of roles from legal taxpayers, pupils, and law-breaking troublemakers to welfare recipients, juveniles, business people and so on, is giving way to the anticipation of uniform behaviour, an attitude precisely not implied in the production of public goods⁵³. For a customer represents the actual or potential demand side of the market. When a physician speaks of the patient, and an advocate talks of a client this implies exactly that he wishes to keep nicely aloof from market economy mechanisms.

51 See *Detlef Jahn*, Schweden – Kontinuität und Wandlung einer postindustriellen Gesellschaft, *Aus Politik und Zeitgeschichte*, B 43/92, pp. 22 – 35.

52 *Hill/Klages* (supra note 9), p. 103.

53 See *Rainer Pitschas*, Die Jugendverwaltung im marktwirtschaftlichen Wettbewerb? – Balanceprobleme zwischen Rechtmäßigkeit, Wirtschaftlichkeit und Fachlichkeit –, *DÖV* 1994, pp. 973 – 986.

VII. ISSUES OF ADMINISTRATIVE MODERNIZATION

When we draw attention to the nature of public goods, to a differentiation between the citizens' roles and, on that basis, to an executive management in public affairs, this does not mean that economic efficiency is not among the principles rationalizing the public administration's sphere of action. The "cold star of scarcity" shines over the state as over private business. Administration exists and operates within an environment of scarce resources. Accordingly, budget law generally prescribes economic efficiency as a standard for administrative action. Whereas, under socialism in practice, state action was determined by materials, which were predominant in spite of the alleged unity of financial and material planning⁵⁴, the Western linkage of state and administration with the money economy produces a high degree of transparency as regards scarcities. Yet in a public administration, scarcity cannot be responded to by entrepreneurial management. Instead, administration's own public-sector forms, instruments, and organizations must be developed, including budgeting, cameralism, auditing of accounts, and so on.

With the reference to such institutions, we arrive at the subject of administrative modernization. One must push aside the rhetoric of the entrepreneurial spirit, entrepreneurial culture, and entrepreneurial management, admitting that there are no magic formulae for innovation in public administration. There are things in common to all reform movements, reform strategies, requirements and subjects of reform, yet there is no "general problem solving". For that, the historical starting points and cultural frameworks are too different, varying even between Great Britain, New Zealand and Australia⁵⁵, and varying even more between the Civic Culture Administration in the United States of America and the classical continental European administrations⁵⁶. However, to the modern administrations change is peremptory. The project of modernity is not at its end. Modernity implies modernization. In keeping with this, budgeting, cameral-

54 See König (supra note 41).

55 See Mascarenhas (supra note 11).

56 See Ferrel Heady, *Public Administration, A Comparative Perspective*, 3rd ed., 1984.

ism and audit office systems in the Federal Republic have been modernized time and again⁵⁷.

From the viewpoint of administrative modernization, the approaches to "new" administration provide a host of hints; hints, however, which are of interest not so much as answers than as questions. For many of the subjects discussed under the headlines of New Public Management, Reinventing Government, new control model etc. are not specific to market-oriented entrepreneurial management. Let us have a look, for instance, at the issue of decentral responsibility for resources. It is equally relevant to both private enterprises and public administrations. Yet the reform answers will differ even within Germany, depending on whether one is dealing with the generation of functions and financial responsibility along with their distribution between Federal and Länder authorities, with the prominent position held by the Minister of Finance within the government, or with the competencies of specific local government offices, i.e. of authorities susceptible to particularist intervention from the political sector or even to corruption.

If we now turn to the question why the rhetoric of New Public Management and Reinventing Government, even among administrative practitioners, has met with so much more approval than such modernizing approaches in conformity with public administration, some will state that this, after Reaganism and Thatcherism, was a compromise position in the debate on delineations between the public and private sectors and that, basically, it was not that less public administration was demanded but one of better quality⁵⁸. In this light, attention must be drawn to the fact that this is not just a matter of conservatively liberal politics, but that Labour governments as well are following a strategy of internal economization in public administration⁵⁹. In continental Europe, too, voices are heard, urging non-impairment of the present status as regards the functions fulfilled by

57 See Hans Herbert von Arnim/Klaus Lüder (eds.) *Wirtschaftlichkeit in Staat und Verwaltung*, 1993.

58 Mascarenhas (supra note 11), pp. 319.

59 See Boston, *Transforming New Zealand's Public Sector: Labour's Quest for improved Efficiency and Accountability*, *Public Administration*, Vol. 65 1987, pp. 423 – 442; Enid Wistrich, *Restructuring Government New Zealand Style*, *Public Administration*, Vol. 70, Spring 1992, pp. 119 – 135.

public bodies, but nevertheless expressing open-mindedness to the internal rationalization of state and administration. Above all the labour unions oppose privatization, with increasing acceptance of modernization internally⁶⁰.

Administrative science, on the other hand, must point to guidance in terms of general principles. There are goods decided on in politico-administrative processes and thus considered formally as public goods. However, for humanitarian, constitutional, social and, not least, for economic reasons, such material status within the public sector may be doubted. In particular, it may become obvious that such a good turns out to be actually marketable or can be made marketable. In such case, it is suitable for privatization, which means that the social responsibility in this regard may be shifted from the public to the private sector⁶¹. For countries, where high government activity rates indicate a systemic overload, the various forms of such material privatization are at least as important as the internal rationalization of state and administration. In many places, cost pressure, debt-equity ratio and capital investment needs cannot be relieved by internal economization measures alone. The German budget law stipulates that Federal, Länder and local authorities may establish economic enterprises or acquire an interest in such enterprises only when there is a public interest therein and when the purpose in question cannot be attained better and more economically otherwise. This stipulation should not only be viewed as just dogmatic but should be seen as manifesting the state's wisdom.

However, the public interest clause means that it is not only the nature of the good produced which matters but also the secondary functions connected with its production, namely spurring on the economy, safeguarding jobs, locational policy, etc. This leads to a situation where public responsibility is preserved, while the formal and organizational privatization of the said good's production suggests itself to allow the best possible utiliza-

60 See *Monika Wulf-Mathies/Rudolf Scharping*, "10 Eckpunkte zur Innovation im öffentlichen Sektor und zur Reform des Sozialstaates" from 5.10.1994.

61 See *Klaus König*, *Systemimmanente und systemverändernde Privatisierung in Deutschland*, VOP 1992, pp. 279 – 286.

tion of market forces⁶². Then, entrepreneurial management established to such end within the public sector is not an artificial contrivance within an environment incompatible with market conditions but the intra-organizational consequence of market economy conditions.

It results from the substantive ambivalence of public goods and their secondary functions that material privatization must always be accompanied by the internal economization of state and administration. Historic opportunities for internal rationalization should not be left unused. This implies strategies like the above-mentioned formal and organizational privatization, but also granting independence to organs fulfilling certain functions, decentralization and deconcentration, attenuating hierarchies to become "flatter", as well as further organizational strategies, introducing performance standards, cost-benefit analyses, result-oriented action, and controlling mainly in the secondary efficiency field⁶³ – i.e. the labour force, infrastructure, organization size, material resources – and further procedural approaches, simplification of career brackets, mobility promotion, performance incentives, temporary appointments to top positions and other human resources strategies.

In the post-war period, the most important objective followed by the Federal Republic's public administration was to restore the rule of law⁶⁴. This phase of modernization resulted in the administration's being imbued with constitutional stipulations, the constitutional courts gaining a lot of power, profound legalism, and so on. From the late sixties on, efforts were made to remedy the democratic deficits in administration. The main targets reached in this phase of modernization, were the general public's rights of cooperation, citizen-oriented forms of organization, political sensibilization

62 See *Achim von Loesch*, *Privatisierung öffentlicher Unternehmen*. 2nd ed., 1987, pp. 41 ff.

63 See *Andreas Hoffjan*, *Effizienzvergleiche öffentlicher Theater. Cost-Benchmarking als strategische Erweiterung eines theaterspezifischen Controlling*, *ZögU* 1994, p. 293.

64 See *Werner Thieme*, *Wiederaufbau oder Modernisierung der deutschen Verwaltung*, *Die Verwaltung* 1993, pp. 353 ff.

of the civil service, etc.⁶⁵. From the late 1970s on, an economization strategy was determining the modernization of state and administration, economization in the sense of material privatization, shifting the social responsibility for problem-solving from the public to the private sphere of action. Partial strategies included the privatization of property, the privatization of functions, the out-contracting of partial functions, privatization of auxiliary services, market opening, partnerships with private bodies, deregulation, simplification of legal rules, cutting subsidies, staff cuts⁶⁶.

Following the unification of Germany, the cost of which added to the effects of an economic structural crisis, the internal rationalization of state and administration is on the agenda there as in other countries. The long-established administrative states in continental Europe will not escape economization movements such as have been propagated for quite some time in the Anglo-Saxon world. In the classical administrative systems with their economic history including even mercantilism, such an administrative policy should be successful without having to conjure up an entrepreneurial spirit. The modernization issue is easier, namely how can economic efficiency be given a higher rating in public administration. Still, the answers will have to be more varied than can find expression in a single new control model. For the old values and standards of action in executive management such as the politico-democratic primacy and the rule of law must be safeguarded at the same time. Yet wider scopes for orientation to a more efficient fulfilment of tasks require more than goodwill on the part of administrative practitioners. Politics and law must make attempts at a more efficiency-oriented assessment of administrative action.

65 See *Wolfgang Seibel*, Entbürokratisierung in der Bundesrepublik Deutschland, in: *Die Verwaltung* 2/86, pp. 137 ff.

66 See *Klaus König*, Prozedurale Rationalität – Zur kontraktiven Aufgabenpolitik der achtziger Jahre -, *VerwArch.* 1995, pp. 1 – 31.

ENTREPRENEURIAL OR EXECUTIVE MANAGEMENT – THE PERSPECTIVE OF CLASSICAL PUBLIC ADMINISTRATION

I. MODERN PUBLIC ADMINISTRATION

Since the reform movements of the sixties and seventies public administration in continental Europe has been time and again confronted with management models. Such models of "Management by ..." – Objectives, Delegation or Exception and so on – have, in themselves, made little mark on the every-day administration business in many countries. Certainly, the underlying ideas such as a higher degree of delegation do actually find expression in the continental European administrations. Yet, so far, when administrative practitioners have adopted management rhetoric, there had to be doubts about whether this was having any essential effects¹. In this respect, a difference becomes apparent in comparison with public administration in the United States of America. It is true that managerism may sometimes seem in the nature of a fashion here, too. For instance, it strikes the observer that, in the past, the concept of public policy was resorted to in differentiation from a public administration school that was considered old-fashioned whereas, today, the tendency is to refer to public management². Yet, together with political and bureaucratic orientation, the idea of management has always been one of the US American administration's

1 See *Eberhard Laux*, Management für die öffentliche Verwaltung?, in: Deutsches Verwaltungsblatt 1972, pp. 167 ff.

2 See *Chester A. Newland*, A Field of Strangers in Search of a Discipline: Separatism of Public Management Research from Public Administration, Public Administration Review 1994, pp. 486 ff.

intellectual traditions: beginning with Taylorism³ and extending to entrepreneurial management of the Reinventing Government type⁴.

However, the challenge faced today by continental Europeans in their confrontation with a new public management goes beyond the claim to an internal rationalization of the public administration by means of good management. The new diction is the language of the market, of competition, of enterprises, services, customers and, in a nutshell, of entrepreneurial management symbolizing the departure from the old administrative management. So, both the public administration and its social environment, civil servants as well as the community and the politicians are all involved. In Great Britain, some even talk of a revolution, of a new model of the state⁵. Anyhow, the old Westminster public administration terminology appears to be superseded more and more by new modes of speaking, for example by a contract management jargon. In the reports worked out by the Organization for Economic Cooperation and Development (OECD)⁶ the industrialized countries are considered, at least implicitly, to be on the way to developing the new public management, changing over from the old welfare state to the slenderized state with well-functioning competitive markets. Associated with this are assessments of efficiency. A kind of idealized Anglo-Saxon model is presented as the most efficient way of modernizing the public sector⁷.

3 See *Frederik Winslow Taylor*, *The Principles of Scientific Management*, New York/London (1911) 1915.

4 See *David Osborne/Ted Gaebler*, *Reinventing Government. How the Entrepreneurial Spirit is Transforming to the Public Sector*, Reading, 1992.

5 See *Frederick Ridley*, *Die Wiedererfindung des Staates – Reinventing British Government – Das Modell einer Skelettverwaltung* – in: *Die Öffentliche Verwaltung* 1995, pp. 569 ff.

6 See OECD/PUMA (eds.), *Public Management Developments. Survey 1993*, Paris 1993.

7 See OECD/PUMA (eds.), *Public Management Developments. Survey 1993*, Paris 1993.

Both implications are without proof. The industrialized countries are quite plainly following different courses of development⁸. This is even true within the Anglo-Saxon area with differences between Great Britain and Australia, the USA and Canada. Furthermore, there are comments even from new public management countries pointing to the more favourable economic situation in Japan and Germany, both of which are characterized by the persistence of the traditional bureaucratic patterns of control⁹. Some even hold that all countries exercising administrative control by way of fixed rules feature economic performance rates that are in almost all respects and dimensions clearly better than those in the countries under comparison¹⁰. Now, it is already difficult to attribute different performances within one single administrative organization to the various control mechanisms that may be applied. More problematical is the attempt to ascribe the social prosperity of a nation to the quality of its state and administration system.

On the other hand, one fact must be noted with regard to the new public management, namely, that in those countries where conceptions actually ended in implementations, there is a general lack of evaluations¹¹. Even with advanced cases like Great Britain and New Zealand, it is difficult at least for outsiders to identify actual changes in the administrative culture and their effects on the public weal. Anyhow, it is not sufficient, for

8 See *Frieder Naschold*, *Ergebnissteuerung, Wettbewerb, Qualitätspolitik. Entwicklungspfade des öffentlichen Sektors*, Berlin 1995, pp. 39 ff.

9 See *Christopher Hood*, *Public Management for all Seasons?*, in: *Public Administration* 1991, pp. 3 ff.; *Reginald C. Mascarenhas*, *Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain and New Zealand*, *Public Administration Review* 1993, p. 324; *Reginald C. Mascarenhas*, *Stateintervention in the Economy: Why is the United States Different from Other Mixed Economies?*, *Australian Journal of Public Administration* 1992, pp. 385 ff.

10 See *Frieder Naschold*, *Ergebnissteuerung, Wettbewerb, Qualitätspolitik. Entwicklungspfade des öffentlichen Sektors*, Berlin 1995, p. 73.

11 See *Klaus König*, "Neue" Verwaltung oder Verwaltungsmodernisierung: Verwaltungspolitik in den neunziger Jahren, in: *Die Öffentliche Verwaltung* 1995, p. 354; *Andrew Gray/Bill Jenkins*, *From Public Administration to Public Management: Reassessing a Revolution?*, in: *Public Administration* 1995, p. 84.

instance, in an international competition of local authorities on the development stage of communal administration to take the introduction of new control mechanisms as the standard of reference¹². Information would be needed at least on local safety and order, on housing and industrial settlement, on health and old age, water and waste, on infrastructure and local transport, on culture and leisure-time facilities on the spot. In this situation of still insufficient experience it would appear expedient from the continental European point of view to compare the control mechanisms of entrepreneurial management with the system rationality of modern public administration in conjunction with basic realities. Experiments may be admissible in narrowly defined partial sectors of public affairs. But state and administration as such are no testing grounds. Where they have reached historical performance levels as in continental Europe, really compelling reasons would have to be brought forward before the patterns of control for the production and distribution of public goods and services may be altered generally.

A basic characteristic of modern societies is their functional differentiation into relatively independent subsystems and spheres of action together with the rationalization of these fields in accordance with their respective principles¹³. This includes the economic system which is governed by principles like private property, market, and competition as well as the politico-administrative system with its principles of humanity, democracy and constitutional state order¹⁴. The system rationality of public administration in modern times was characterized by Max Weber in his type of bureaucracy: the generally well-ordered levels of authority competencies, the hierarchical order of official positions, authority operation, adherence to rules and regulations, the system of permanently established civil servants,

12 See Bertelsmann Stiftung (ed.), Karl-Bertelsmann-Preis. Demokratie und Effizienz in der Kommunalverwaltung, Vol. 1, Dokumentationsband zur internationalen Recherche, Gütersloh 1993.

13 See Niklas Luhmann, *Soziale Systeme*, 2nd ed., Frankfurt/Main 1985.

14 See Klaus König, *Öffentliche Verwaltung als soziales System*, in: Remer (ed.), *Verwaltungsführung*, Berlin/New York 1982, pp. 3 ff.

etc.¹⁵. His aim was not simply to provide a prescriptive model. The experiences underlying this typification were taken from historic reality, in particular the Prussian administration. The public administration's performance system has proved to be strong enough to withstand strains in the course of time, although this does not preclude bureaucratism with dysfunctions such as formalism, schematism, impersonal attitudes, etc.

Accordingly, Marxism-Leninism did not fight bureaucracy in terms of malfunctions but as an agency of the bourgeoisie¹⁶. Even in an administrative state as old as Germany, the bureaucratic institutions were disintegrated and replaced by a cadre administration of the practised socialism type, an administration which featured instrumental étatism in its functions and centralist rule in its organization, which, in its proceedings, stood out for the transmission of the party will and whose staff were cadres¹⁷. Certainly, the cadres, after which that type of administration was named, were professional administrators, but with politically and ideologically defined qualifications. As a large-scale anti-modernization test socialism in practice had to declare historical bankruptcy. Still, when some are talking of the "market economy's victory" over the centrally planned economy, it must be noted that this is only part of the story. Highly differentiated social systems granting individual rights and standing for democracy, market economy, pluralist organized interests, state administration, etc. have turned out to be superior to social conditions where individuals, society, economy, associations and state were collectivized in line with a party ideology.

The transformation of the socialist cadre administration¹⁸ swept a great variety of administrative expertise on to the consultancy market. Some are

15 See *Renate Mayntz*, Max Webers Idealtypus der Bürokratie und die Organisationssoziologie, in: Jürgen Fialkowski (ed.), *Politologie und Soziologie*, Otto Stammer zum 65. Geburtstag, Köln and Opladen 1965, pp. 91 ff.

16 See *Klaus König*, *Zur Transformation einer real-sozialistischen Verwaltung in eine klassisch-europäische Verwaltung*, Speyerer Forschungsberichte 99, 3rd ed. 1992.

17 See *Klaus König*, *Zum Verwaltungssystem der DDR*, in: König (ed.), *Verwaltungsstrukturen der DDR*, Baden-Baden 1990, pp. 9 ff.

18 See *Klaus König*, *Administrative Transformation in Eastern Germany*, in: Joachim Jens Hesse (ed.), *Public Administration*, Vol. 71, 1993, pp. 135 ff.; *Klaus König*, *Die Transformation der öffentlichen Verwaltung: Ein neues Kapitel der Verwaltungs-*

presenting rational models of management and administration claiming their universal applicability. Others point to administrative experiences in their western home country. And indeed – despite the globalization of public problems and the increasingly international status of public organizations – public administration at the end of the 20th century continues to be seen primarily as a national state matter, i.e. as French, US American, Japanese and so on¹⁹. In addition, cooperation with developing countries in the administrative sector clearly illustrates the cultural purport of public administration vis-à-vis the universally applicable features of good management²⁰. Accordingly, it is difficult to make out an intermediate layer of common cultural features between a national state's administrative concept and a universal management conception. The distinction between civic culture administration and the classical administration system aims at marking out certain common characteristics in the Anglo-Saxon area and in continental Europe respectively, and then comparing them with one another²¹. But contrary to the cadre type administration, this comparison is more a matter of rather gradual differences. Civic culture administration

wissenschaft, in: *VerwArch* 1993, pp. 311 ff.; *Klaus König*, Transformation der real-sozialistischen Verwaltung: deutsche Integration und europäische Kooperation, in: *Deutsches Verwaltungsblatt* 1993, pp. 1292 ff.; *Klaus König*, Transformation einer realsozialistischen Verwaltung in eine klassisch-europäische Verwaltung, in: Wolfgang Seibel/Arthur Benz/Heinrich Mäding (eds.), *Verwaltungsreform und Verwaltungspolitik im Prozeß der deutschen Einigung*, Baden-Baden 1993, pp. 80 ff.; *Klaus König*, Zur Transformation einer real-sozialistischen Verwaltung in eine klassisch-europäische Verwaltung, *Speyerer Forschungsberichte* 99, 3rd ed. 1992.

- 19 See *Klaus König*, Internationalität, Transnationalität, Supranationalität – Auswirkungen auf die Regierung, in: Hans-Hermann Hartwich/Göttrik Wewer (eds.), *Regieren in der Bundesrepublik V*, Opladen 1993, pp. 234 ff.; *Klaus König*, Organisation und Prozeß: Zur Internationalisierung des Regierens, in: Carl Böhret/Göttrik Wewer (eds.), *Regieren im 21. Jahrhundert – zwischen Globalisierung und Regionalisierung*, Festschrift für Hans-Hermann Hartwich zum 65. Geburtstag, Opladen 1993, pp. 144 ff.
- 20 See *Klaus König* (ed.), *Öffentliche Verwaltung und Entwicklungspolitik*, Baden-Baden 1986.
- 21 See *Ferrel Heady*, *Public Administration – A comparative Perspective*, 4th ed., New York/Basel 1987.

and the classical administration system both follow the same lines of bureaucratic tradition. Even in the US one would most likely have to talk of a bureaucratic managerialism. Yet in the course of numerous stages of modernization many things have lost much of their former clear-cut image.

Continental European administrations like the French and German administrative systems may be termed as classical since the bureaucratic efficiency system established there in the modern age has been kept alive until today throughout all political instabilities and changes²². They survived the various régimes of monarchy, republic, dictatorship and democracy and, in times of collapse, had to bear the burden of public action. In central Europe such a separate efficiency system has now proved successful again. Following the Marxist-Leninist rule and its cadre administration's bankruptcy in the GDR, the resulting consequences could be cushioned through the transfer of classical administrative institutions from West Germany. This was not a matter of colonization on the lines of the Federal Republic. On the contrary, resort could be had to the traditions of the German and thus the classical continental European administrative and legal cultures in matters of public commitments and public property²³, federal and communal organization, administrative law and public finance, civil service and human resources development²⁴. It was the public administration that enabled the new democratic policy on East German soil to function beyond the peaceful revolution. This became all the more necessary as the forces of the market did not develop the economic dynamism which had

22 See *Klaus König*, *Zur Transformation einer real-sozialistischen Verwaltung in eine klassisch-europäische Verwaltung*, *Speyerer Forschungsberichte* 99, 3rd ed. 1992.

23 See *Klaus König/Gunnar Folke Schuppert/Jan Heimann* (eds.), *Zur Aufgaben- und Vermögenstransformation*, in: *Vermögenszuordnung – Aufgabentransformation in den neuen Bundesländern*, Baden-Baden 1994, Band 29 der Schriftenreihe *Verwaltungsorganisation, Staatsaufgaben und Öffentlicher Dienst*, ed. by Klaus König and Franz Kroppenstedt.

24 See *Klaus König/Volker Meßmann*, *Organisations- und Personalprobleme der Verwaltungstransformation in Deutschland*, Baden-Baden 1995, Band 28 der Schriftenreihe *Verwaltungsorganisation, Staatsaufgaben und Öffentlicher Dienst*, edited by Klaus König und Franz Kroppenstedt.

been expected of them, so that both the transformation and the unification process had to be implemented in state-centred procedures²⁵.

While bureaucracy in the classical administrative systems may be said to be older than democracy, the development of public bureaucracies in civic culture administration countries such as Great Britain and the United States was governed from the outset by the political régime, the historic continuity of which has been maintained up to the present day²⁶. These régimes admitted public administration services, defined their boundaries and strengthened their connection with the lasting democratic and participatory order of a civic culture, which does not mean that the public bureaucracies did not develop their own impetus. The American image of the "iron triangle", a configuration of power in the hands of political representatives, lobbyists and members of the ministerial bureaucracies exemplifies this. Another example of this is the British TV visualization "Yes, Minister", where top bureaucrats thwart the political will. It goes without saying that civil servants endeavour to put forward bureaucratic values. However, instabilities, during which the public administration would have had to continue working on its own account so to speak did not happen in the course of history. The party political constellations supporting the governments did change. But the political régime maintained control of public administration, however bureaucratic such administrative services may have been. The permanent dominance of politics over the public bureaucracies is in compliance with the concept of social values in a civic culture; continental Europeans, on the other hand, have had to learn by experience that, in certain historical situations, people may expect certain things from the administration which cannot be provided by the political sector such as, for instance, certain basic supplies in times of political confusion²⁷.

25 See *Klaus König*, Transformation als Staatsveranstaltung in Deutschland, in: *Hellmut Wollmann/Helmut Wiesenthal/Frank Bönker* (eds.), Transformation sozialistischer Gesellschaften: Am Ende des Anfangs, Opladen 1995, pp. 609 ff.

26 See *Richard J. Stillman*, Preface to Public Administration: A Search for Themes and Direction, New York 1991, pp. 19 ff.

27 See *Werner Thieme*, Wiederaufbau oder Modernisierung der deutschen Verwaltung, in: *Die Verwaltung* 1993, pp. 353 ff.; *Thomas Ellwein*, Geschichte der öffentlichen Verwaltung, in: *Klaus König/Hans Joachim von Oertzen/Frido Wagener* (eds.),

The Anglo-American continuities, for the moment, have made the values of the political régime serve as identification patterns for the public bureaucracies. "Servant of the crown" is a formula for this, that also appeals to people's feelings²⁸. In continental European countries, on the other hand, an idea reaching beyond the historical situation of monarchies, republics, dictatorships and democracies had to be found to give an identity to a continually functioning public administration. A regulative idea had to be established, in which the political system defines itself irrespective of the current political régime. That regulative idea is the "state" and, concomitantly, officials are named the "servants of the state". That term still is not understood easily in the Anglo-American administrative culture although a discussion has meanwhile arisen in the USA on the "statelessness" of the US administrative concept²⁹.

For the moment, the state regulative is an idea that appears perfectly congenial to public bureaucracies. Civil servants in a civic culture administration equally look for identification patterns beyond the political régime. In retrospect, one may ask whether the British class society is reflected in the administrative class³⁰. One can be on the lookout in the present Anglo-Americanized world for the self-styled concept of a "global professional technocracy"³¹. Yet with a view to the regulative idea of state it must then be noted that this is not without risk. Abuse on the part of the state is abuse on the part of its servants. Beyond the dysfunction of bureaucratism it is

Öffentliche Verwaltung in der Bundesrepublik Deutschland, Baden-Baden 1981, pp. 37 ff.

28 See *Frederick Ridley*, *Die Wiedererfindung des Staates – Reinventing British Government – Das Modell einer Skelettverwaltung* – in: *Die Öffentliche Verwaltung* 1995, pp. 574.

29 See *Richard J. Stillman*, *Preface to Public Administration: A Search for Themes and Direction*, New York 1991, pp. 19 ff.

30 See *Nevil Johnson*, *Der Civil Service in Großbritannien: Tradition und Modernisierung*, in: *Die Öffentliche Verwaltung* 1994, pp. 196 ff.; *Robin Butler*, *The Evolution of the Civil Service – a Progress Report*, in: *Public Administration* 1993, pp. 395 ff.

31 See *Richard J. Stillman*, *Preface to Public Administration: A Search for Themes and Direction*, New York 1991, pp. 77 ff.

also public administrations in continental Europe that have failed in the past. In Weimar Republic Germany, for instance, the administrative bureaucracy was not among the defenders of democracy.

Thus, the regulative idea of state needs to be supplemented protectively. That protection was found in the category of the "constitutional state". In the development of the constitutional state, continental Europe can again revert to pre-democratic experiences. Today, constitutional state order and democracy are closely linked. Constitutional state order does not only mean that there is a legal system with binding force for the public administration. There are certain definite principles which are guaranteed by the constitution and must be applied by the public administration service. Human rights have to be respected. The administration is bound by law and legal regulations. The administrative authorities must ensure that the means applied are in proportion to the purpose to be served. Legal protection is guaranteed against public administrative action and so forth. Going on from here, we could list further specific properties of continental European administration that are different from the civic culture administration: the highly differentiated administrative law, a particular legalism, an administrative jurisdiction system of its own, etc.³². However, it has become sufficiently clear now that, in countries like France and Germany, the issue of new public management in the civil service meets with cultural premises that differ from those in Anglo-American countries. Therefore we will now endeavour to compare the control patterns of entrepreneurial management with those applied in the classical system of administration.

II. ENTRENEURIAL CONTROL PATTERNS

The intention underlying new public management is the internal economization of public administration, ensuring an entrepreneurial spirit

32 See *Klaus König, Öffentliche Verwaltung als soziales System*, in: Remer (ed.), *Verwaltungsführung*, Berlin/New York 1982, pp. 3 ff.

and entrepreneurial management for the administration proper³³. In this, it differs from external rationalization approaches such as privatization or deregulation³⁴. Certainly, this concerns the starting point only. As an open system, public administration, of course, is constituted not only by its inner system of order but through its social environment as well³⁵. The law, for example, has different impacts on administration: it means being subject internally to certain rules and regulations and it is a legal basis for external action. One cannot, internally, consider the political hierarchy superior to the force of law while living in a constitutional system of order. Accordingly, the control patterns of a new public management must be compatible with the *res publica*. In this respect, the relatively indistinct nature of that reform movement has a problematical effect. In terms of its basic intellectual foundations, it is a popularized mixture of management theories, business motivation psychology and neo-liberal economy³⁶. In terms of subject matter, the mixture comprises both state-conformable reform proposals such as, for instance, decentral responsibility for resources and market-conformable ideas such as customer-oriented action. Sometimes, this ends in clichés, for example when a municipal administration is referred to as a service group³⁷. True, this does not mean that the municipal authorities

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- 33 See *Heinrich Reinermann*, *Die Krise als Chance: Wege innovativer Verwaltung*, Speyerer Forschungsbericht 139, Speyer 1995; *Gerhard Banner/Christoph Reichard* (eds.), *Kommunale Managementkonzepte in Europa*, Köln 1993; *Reginald C. Mascarenhas*, *Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain and New Zealand*, *Public Administration Review* 1993, pp. 319 ff.
- 34 See *Klaus König*, *Kritik öffentlicher Aufgaben*, Baden-Baden 1990; *Klaus König*, *Prozedurale Rationalität – Zur kontraktiven Aufgabenpolitik der achtziger Jahre –*, in: *VerwArch* 1995, pp. 1 ff.
- 35 See *Klaus König*, *System und Umwelt der öffentlichen Verwaltung*, in: *König/Hans Joachim von Oertzen/Frido Wagener* (eds.), *Öffentliche Verwaltung in der Bundesrepublik Deutschland*, Baden-Baden 1981, pp. 13 ff.
- 36 See *Andrew Gray/Bill Jenkins*, *From Public Administration to Public Management: Reassessing a Revolution?*, in: *Public Administration* 1995, pp. 75 ff.
- 37 See *Gerhard Banner*, *Konzern Stadt*, in: *Hermann Hill/Helmut Klages* (eds.), *Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe. Vorträge und Diskussionsbeiträge der 61. Staatswissenschaftlichen Fort-*

should act as groups of affiliated companies can under the pressure of rationalization, namely sell affiliates, close down lines of production, shift certain locations and externalize costs, etc.³⁸.

Taking the concept of entrepreneurial management in public administration literally, one must point to the fact that the term entrepreneur is linked inseparably with a market economy system. The market economy is, as it were, personalized in the entrepreneur³⁹. He is the one who combines productive factors to produce goods and services for marketing at a profit. This interrelation with the market economy system still remains the same when property rights and risks are balanced out, and salaried managers exercise entrepreneurial functions. Nor can such entrepreneurial management be regarded as fully developed, when certain service units in state and administration are termed as public enterprises, since they, on the one hand, are public property and, on the other, have certain scopes for independent action⁴⁰. It is precisely for a lack of entrepreneurial spirit that such publicly-owned enterprises are constantly reproached, whether public railways or postal services, public broadcasting or transport corporations or communal supply and housing companies. Such reproaches are unfair to these organizations where orientation to profits as a standard of entrepreneurial success conflicts with the public purposes of the common weal and non-profit activities⁴¹.

bildungstagung 1993 der Hochschule für Verwaltungswissenschaften Speyer, Berlin 1993, pp. 57 ff.; *Gerhard Banner*, Von der Behörde zum Dienstleistungsunternehmen: Die Kommunen brauchen ein neues Steuerungsmodell, in: VOP 1991, pp. 6 ff.

38 See *Eberhard Laux*, Die Privatisierung des Öffentlichen: Brauchen wir eine neue Kommunalverwaltung? – Visionen und Realitäten neuer Steuerungsmodelle –, in: Der Gemeindehaushalt 1994, pp. 169 ff.

39 See *Peter H. Werhahn*, Der Unternehmer – seine ökonomische Funktion und gesellschaftspolitische Verantwortung, Trier 1990.

40 See *Günter Püttner*, Die öffentlichen Unternehmen. Ein Handbuch zu Verfassungs- und Rechtsfragen der öffentlichen Wirtschaft, 2nd ed., Stuttgart/München/Hannover 1985.

41 See *Heinz Dürr*, Kann der Staat als Unternehmer erfolgreich sein? in: Verwaltung und Management 1995, pp. 4 ff.

So, whoever demands entrepreneurial management in public administration must therefore create a compatible environment, i.e. market conditions and competition. In this respect, the British administrative "revolution" with its market testing, compulsory competitive tendering, etc. has turned out to be the most uncompromising approach⁴². Two strategies are conceivable: entry into an actual competitive market or establishment of virtual organizational competition as the functional equivalent thereof. In the light of the modern society's functional differentiation, state and market are notable for their own characteristic strategies to control the supply of goods. The type, scope and distribution of private goods are decided on by harmonizing the individual preferences within the market mechanism; decisions on the production of public goods, on the other hand, result from a collective, i.e. politico-administrative, development of objectives. Economic theory has brought forth a wide variety of arguments about why the society's division of labour between state and market cannot be abandoned, and the population needs to be supplied with public goods⁴³. Some of the characteristic causes for state activities are, for instance, the non-applicability of the exclusion principle – i.e. utilization cannot be made conditional on the payment of some remuneration – or non-rivalling consumption within capacity limits, which means consumption by one individual does not preclude consumption by others. Further reasons relate to external effects or rising returns to scale⁴⁴.

This is why even economic liberalism does not query the state in itself. On the contrary, the state granting protection of legal rights is considered as a basic precondition for the establishment and development of a market economy. Moreover, the state is called for when the market fails to func-

42 See *Frederick Ridley*, *Verwaltungsmodernisierung in Großbritannien*, in: Hermann Hill/Helmut Klages (eds.), *Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe*, Berlin 1993, pp. 251 ff.; *Barry J. O'Toole/Grant Jordan* (eds.), *Next steps. Improving Management in Government?* Aldershot et al. 1995.

43 See *Richard Musgrave/Peggy Musgrave/Lore Kullmer*, *Die öffentlichen Finanzen in Theorie und Praxis*, Band 1, 5th ed., Tübingen 1990, pp. 60 ff.

44 See *Robin W. Boardway/David E. Wildasin*, *Public Sector Economics*, 2nd ed., Boston/Toronto 1984.

tion. Both aspects have become evident in the historical phase of the socialist economic and social systems' transformation and particularly in the case of Germany. Even industrial circles praised the west German administration for its achievements in the protection of legal rights, a commitment that was formerly considered as a matter of course. In addition, the welfare state administration's achievements ensuring supplies for the east German population could well stand comparison with what market dynamism had accomplished there⁴⁵. But even in the view of new public management protagonists, this is, on principle, not a matter of entry into actual competitive markets, i.e. of privatization. This innovative strategy is so attractive to many administrative practitioners since – following Reaganism and Thatcherism – the fundamental demand is not for less public administration but for a better quality thereof⁴⁶. Thus, one can understand the viewpoints that are brought forward in continental Europe by social democrats and trade unions, rejecting the privatization of public commitments but conceding that economy should be practised inside the public administration⁴⁷.

The conception of virtual organizational competition as a functional equivalent in the absence of market entry and privatization is, for the moment, an intellectually attractive idea. In this context, attention should be drawn to the fact that in continental Europe, too, there is a – not so much prescriptive as rather empirically oriented – innovation movement,

45 See *Klaus König/Angelika Benz*, *Staatszentrierte Transformation*, *Der Staat*, Issue 1/1996, pp. 109 ff.

46 See *Reginald C. Mascarenhas*, *Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain and New Zealand*, *Public Administration Review* 1993, p. 319.

47 See *Frieder Naschold/Marga Pröhl* (eds.), *Produktivität öffentlicher Dienstleistungen*, Gütersloh 1994; *Frieder Naschold*, *Ergebnissteuerung. Wettbewerb, Qualitätspolitik. Entwicklungspfade des öffentlichen Sektors*, Berlin 1995; *OECD/PUMA* (eds.), *Public Management Developments. Survey 1993*, Paris 1993; *Werner Jann*, *Moderner Staat und effiziente Verwaltung. Zur Reform des öffentlichen Sektors in Deutschland*, Gutachten erstattet für die Friedrich-Ebert-Stiftung, Bonn 1994; *Monika Wulf-Mathies/Rudolf Scharping*, *Positionspapier "10 Eckpunkte zur Innovation im öffentlichen Sektor und zur Reform des Sozialstaates"* vom 5.10.1994.

advocating the termination of legalist and hierarchical modes of control and replacing them by cooperative state action formulae, negotiations and contracts of a both formal and informal nature⁴⁸. Here, the question may be asked whether this does not disregard the collective and authoritative background of administrative action, and whether the "soft" forms of administrative procedures are not actually backed inwardly by the tacit sovereignty of the state⁴⁹. Anyhow, the cooperation and contract movement is another manifestation of the intention to realize further innovations in public administration. The end that came about for the former antagonist on the European continent, the socialist state and its cadre-type administration, appears to have intensified modernization pressure on the western state instead of relieving it.

Here, it is the concept of competition that is considered really attractive by those who are sceptical about other ideas that are brought forward in the current modernization debate: when inefficiency in the public sector cannot be remedied by means of the classical political control instruments but, on the contrary, is thereby aggravated, it is expedient, they say, to institutionalize a general set-up which rewards economical behaviour and penalizes uneconomical attitudes. To reach this end, they say, there is nothing better than the competitive model, including competitive surrogates such as quasi-markets⁵⁰. As a matter of fact, competition is a basic constellation of living together in society not only in the economic sphere but also in politics, sports, education etc. Competition implies performance incentives which make it a basically desirable social relationship. Yet the important thing is the respective social system structure, not only because competition is

48 See *Arthur Benz*, *Kooperative Verwaltung*, Baden-Baden 1994.

49 See *Klaus König/Nicolai Dose*, *Referenzen staatlicher Steuerung*, in: König/Dose (eds.), *Instrumente und Formen staatlichen Handelns*, Köln et al. 1993, pp. 519 ff.

50 See *Manfred Röber*, *Über einige Mißverständnisse in der verwaltungswissenschaftlichen Modernisierungsdebatte: Ein Zwischenruf*, Manuskript, will be published in: *Helmut Wollmann/Christoph Reichard* (eds.), *Kommunalverwaltung im Modernisierungsschub*.

"perfect" but in view of market failure mainly in the field of basic human needs⁵¹.

An interesting étatist variant of artificial competition is the socialist competition as laid down in Leninism: socialism is considered to suppress competition in no way but, on the contrary, to be the first to create the possibility of truly applying it on a broad basis and on a mass scale. The ideological and organizational foundations of such competition included among other things social consciousness, harmony of interests, "democratic centralism", the party monopoly in leadership, and mass organization, finally ending – due to socialist morals – not in a record performance on the part of individual persons or collectives but in an optimum overfulfilment of plans⁵². Principles apparently as harmless as publicity of competitions, comparison of results, repetition of the best achievements on a mass scale, intensification and rationalization, recognition in moral and material terms took concrete shape in extremely problematical movements: activist movement, socialist cooperative work, renewal movement, production propaganda, join-in contests, etc. even extending to a contest for the title of "Bereich vorbildlicher Ordnung, Disziplin und Sicherheit", the embodiment of exemplary order, discipline and security.

While this relativizes the attractiveness of what Marx called "Wetteifer", which means emulation, the difficulties faced by the state and administration in highly differentiated societies already begin with the dilemma of manoeuvring rivalry in a social system, the rationality of which follows other principles. In the classical public administration, it is not everybody's but only the responsible individual's business to take action. There is a firm system of competencies and, beyond this, the principle is applied that multiple competencies must be avoided. In case duplicate competencies should nevertheless arise, the rule says that action shall be taken by such authority as was first engaged in the matter. Accordingly, rules have been laid down for competency conflicts in such a way, for

51 See *Klaus König*, "Neue" Verwaltung oder Verwaltungsmodernisierung: Verwaltungspolitik in den neunziger Jahren, in: *Die Öffentliche Verwaltung* 1995, p. 355.

52 See *Klaus König*, Zum Verwaltungssystem der DDR, in: *König (ed.), Verwaltungsstrukturen der DDR*, Baden-Baden 1990, pp. 9 ff.

instance, that the supervisory authority determines who shall take responsibility. So, the control patterns of classical public administration are intended to prevent rivalries or to solve them by establishing applicable rules. When transferring that standard situation to a possible quasi-market system, there will be one single acting agency on the public goods supply side, which means a monopoly. The virtual organizational competition will not work. With local competencies as the basis, the result will be regional monopolies. What remains is a comparison of performances between, let's say, the registration of a motor vehicle by the municipal authorities of NW and those of SP, an absolutely helpful but unfortunately still insufficiently practised mode of procedure⁵³. Such a comparison of performances, however, is still not rivalry.

The idea of virtual organizational competition is no sufficient reason for the classical public administration to part with the principle of fixed orders of competencies and the prevention of multiple responsibilities. As far as concerns that sector of administration which interferes with the individual citizen's sphere of rights, this is clearly understandable without any further explanation. Citizens should have to deal with one single police authority, with one single building authority, and with one single trade supervisory authority responsible for their affairs. Such a degree of certainty in legal matters is a must. Yet in wide ranges of benefits-providing civil services – social welfare office, housing office, or the local labour exchange – it is equally recommendable that competency should lie with one single authority, the more so as benefits and interventions can be very close to one another as, for example, in youth welfare matters⁵⁴. A welfare state like the Federal Republic of Germany with its social transfers cannot afford double work nor potential double payments which might result therefrom. Currently arising cases of abuse illustrate this time and again. Moreover, virtual organizational competition would mean that the entire organizational land-

53 See Robert C. Camp, *Benchmarking*, München/Wien 1994; Hermann Hill/Helmut Klages (eds.), *Spitzenverwaltungen im Wettbewerb. Eine Dokumentation des 1. Speyerer Qualitätswettbewerbs 1992*, Baden-Baden 1993.

54 See Rainer Pitschas, *Die Jugendverwaltung im marktwirtschaftlichen Wettbewerb? – Balanceprobleme zwischen Rechtmäßigkeit, Wirtschaftlichkeit und Fachlichkeit* –, in: *Die Öffentliche Verwaltung* 1994, pp. 973 ff.

scape would have to be rearranged. Yet such rearrangements will meet with their limits in particular in those spheres where decentralization, federalism, regionalism and local self-administration are guaranteed by the constitution. Federal Länder, autonomous districts, self-governed municipalities and communes will hardly renunciate their regional monopolies⁵⁵.

There remains that field of public goods and commitments where the population can choose between various public services or where such options can be made available without damage to the organizational values of classical administration. Such fields of policies and commitments may not be at the core of public administration, but there are many of them, e.g. in the cultural sector: museums, theatres, libraries, etc.; in the field of education, they are concerned with universities, adult evening classes, and also with secondary education institutions, while primary schools are subordinated to administrative districts; in the social welfare sector this also applies to old-age homes, kindergartens, social welfare centres, etc. Certainly, difficulties will arise in this field, too. One should not underestimate the degree of specialization of public goods. A modern teaching hospital, for instance, in our day does not only comprise a general surgery division but also sections for casualty surgery, urology, head surgery and many more. So, this is no homogenous production but a highly differentiated "assortment". One will hardly wish to give up such differentiation and reorganize all sections into general surgery divisions for the only reason of establishing perfect competitive conditions for virtual organizational competition⁵⁶.

But even if we assume that this kind of competition has been initiated, there would be further demands to be met for a quasi-market. Firstly, the greatest possible freedom in competitive conditions must be established to prevent excessively high barriers from hindering entry into and exit from the market. Secondly, it must be ensured that both parties in the market have easy access to information on costs and qualities. Thirdly, the cost of

55 See *Eberhard Laux*, Über kommunale Organisationspolitik, in: AfK, Issue 2/95, pp. 229 ff.

56 See *Klaus König*, "Neue" Verwaltung oder Verwaltungsmodernisierung: Verwaltungspolitik in den neunziger Jahren, in: Die Öffentliche Verwaltung 1995, p. 356.

transactions implicit in market bartering – namely negotiations, contracts, accounting, system of payment, control, etc. – may not exceed the efficiency gains that result from such competitive behaviour. In the fourth place, suppliers must, at least to some extent, be granted financial incentives to react to price signals. And in the fifth place, it must be prevented in the interests of equal treatment that members of either the supply or the demand side simply "cash in"⁵⁷. When we set these demands alongside public administration as experienced today, it becomes evident how difficult it will be to draw rationality gains from the utilization of quasi-markets. Access to the administration is not easy – not just because of its bureaucratism but because of its complexity. Due to its high degree of social technicality, the administration's transparency remains a problem. Every newly granted organizational independence causes high control costs⁵⁸. According to them a financial self-interest meets with difficulties in budgetary and financial policy questions⁵⁹. Administrative services, too, like low-risk affairs, easy cases and solvent customers, and free-rider effects are not rare among beneficiary individuals or organizations.

A more favourable situation may probably be expected for rationality gains when market mechanisms are not planned in virtual organizational competition between administrative units but are put to use in a rivalry between the public supply of goods and privately offered goods. Such a dualism in the production and distribution of goods and services has a long tradition for instance in banking with a state-owned national central bank, local-government-owned savings banks etc., on the one hand, and private and cooperative banks etc., on the other⁶⁰. In our times with the overburdened welfare state, the political strategy to restrict commitments includes the approach to open up new markets where the step to substantive privatization is not ventured upon. For example, private television and broadcast-

57 See *Wendy Ranadé*, The theory and practice of managed competition in the National Health Service, in: *Public Administration* 1995, pp. 243 ff.

58 See *Günter Püttner*, *Verwaltungslehre*, Stuttgart 1989, p. 45.

59 See *Reinhard Müller*, Neue finanzwirtschaftliche Steuerungsmodelle im kommunalen Bereich – Stand der Entwicklung und haushaltsrechtlicher Änderungsbedarf, in: *Verwaltungsrundschau* 1995, pp. 217 ff.

60 See *Klaus König*, *Kritik öffentlicher Aufgaben*, Baden-Baden 1990.

ing were also admitted in continental Europe just like the traditional public broadcasting institutions. The coexistence of public supply and private offers does not yet create a perfect market as long as the public institution's losses are financed from tax revenues, such institution, from the outset, operates with public subsidies and has a safe budget from TV and radio licence fees, whereas the private company has to depend on profit-making, or when one party is obliged to adhere to nonprofit modes of supply while the other is, *sui generis*, free to orient itself to the profit maxim. But it is possible to institute at least quasi-markets as the party dependent upon the market must act as a rival and can thus be a challenge to the other market participant. Here again, the dual broadcasting system offers interesting illustrative material: When public broadcasting is not only financed from licence fees but also from advertising revenues, it is in a competitive situation and must fight for audience ratings that are the basis for advertising revenues. In the German case, this has triggered off an intensive discussion on rationalization. This will not make the director of a public broadcasting institution an entrepreneur nor will it convert the broadcasting institution's administration into an entrepreneurial management. Yet partially entrepreneurial roles and partly entrepreneurial management functions will be inevitable. Accordingly, the cost of and benefits from dual systems of supply should be looked into even more thoroughly.

In the above, we have outlined the problems faced by the public sector on the supply side. However, state and administration also act both as self-suppliers and demanders. Except for the collection of taxes and public charges, the recruitment of young men liable to military service and some other public claims, social differentiation and the functioning money economy in modern times have had the effect that – other than under socialism in practice – demand on the part of public authorities is largely met by supplies from the market. But this is a separate topic. In view of the projected US Reinventing Government reform, we shall confine ourselves to two observations regarding the procurement sector⁶¹. Firstly, continental European administrations are increasingly suffering from respective abuse.

61 See Vice President *Al Gore*, Report of the National Performance Review, From Red Tape to Results: Creating a Government that works better and costs less, Washington 1993, pp. 26 ff.

And secondly, the procurement sector holds promise of considerable rationalization and economization reserves.

III. ON EXECUTIVE MANAGEMENT

In a state upholding the division of powers, the core of public administration lies in its executive function. Bound by the rule of legal regulations, it executes the laws passed by the democratic legislative body. In its hierarchical system of order it follows the instructions issued by the executive's political leaders. In the classical public administration, a certain degree of legalism is superimposed on public action, a fact that results from many historical reasons. This implies a normative character of law different, for example, from prejudice-based law. It is quite obvious that the number of lawyers not only in the administrative élite but in the political élite as well always tends to be very high⁶². Yet, basically, this legalism has its origin in the claim of standing to reason. "Rational state" and rational administrative law belong together. Civil servants rationalize public action by subsuming vital facts under legal standards. This attitude, in fact the civil servants' conception of themselves, is supported by far-reaching legal aid from the administrative courts⁶³. In hundreds and thousands of administrative court proceedings, the judges discuss legal issues with citizens and administrative authorities, trying to find the reasonable answer, the legally correct solution. A statement like the one made in a US administration manual, saying that "Law is a barrier of rationality" is incompatible with this kind of administrative and legal culture.

Under continental European legalism, the conditional programming of administrative action by means of laws and legal regulations has been suc-

62 See *Hans-Ulrich Derlien*, Die Staatsaffinität der Exekutivpolitiker der Bundesrepublik – Zur Bedeutung der Bürokratie als Sozialisationsfeld, in: Hans-Hermann Hartwich/Göttrik Wewer (eds.), *Regieren in der Bundesrepublik II*, Opladen 1991, pp. 171 ff.

63 See *Karl-Peter Sommermann*, Die deutsche Verwaltungsgerichtsbarkeit, *Speyerer Forschungsberichte* 106, Speyer 1991.

cessfully transferred from the liberal state's regulative functions to the social welfare state's commitments and benefits. But as the social welfare state must provide more and more goods that cannot be specified in terms of individual beneficiaries, other forms of communication had to be developed in addition. Today, administrative action is no longer steered on the basis of legal facts and consequences alone but also by final programming, meaning that targets and means are defined as the premises for decision-making⁶⁴: besides the Education Act there are education regulations, besides the Health Act there are hospital plans, etc. This illustrates that Weber's bureaucracy in continental Europe has become somewhat one-sided. His view of bureaucratic administration was that each of its actions is backed by a context of rationally discussable reasons, namely either the subsumption under certain standards or the weighing of ends and means.

Continental European legalism has incorporated the means-and-ends-oriented rationalization of public action into its reasoning contexts⁶⁵. This reaches from the teleological interpretation of laws to the proportionality of means and ends in their implementation. Public plans and social transfer laws are tied up with the budget. The principles of thriftiness and economy must be observed. Audit offices supervise adherence to these standards of action. Administrative action may not disregard efficiency and effectiveness⁶⁶. However, in this regard everyday culture has not attained such socio-technological standards as were made possible by the genuine access to work on the law. Assessments of effects and successes, analyses of costs and benefits fall short of what legal argumentation is able to perform. In the German case, interesting illustrative material in this regard is offered by cabinet documentation, comprising descriptions of facts and assessments worked out by the civil servants in the central government to assist the head of government in the matters to be dealt with in cabinet meetings. It may be presumed that these documents manifest a high standard of legal considerations even if they have been prepared under the responsibility of a

64 See *Werner Thieme*, *Einführung in die Verwaltungslehre*, Köln 1995, pp. 139 ff.

65 See *Klaus König*, *Erkenntnisinteressen der Verwaltungswissenschaft*, Berlin 1970, pp. 112 ff.

66 See *Hans Herbert von Arnim/Klaus Lüder* (eds.), *Wirtschaftlichkeit in Staat und Verwaltung*, Berlin 1993.

political economist. The civil servants are sufficiently sensitive when it is a question of the assessment of political criteria. Evaluations of the macro-economic situation present no difficulty for them. But where effectiveness and efficiency of the administrative implementation procedures are concerned, assessments turn out to be poorer.

"That the study of administration should start from the base of management rather than the foundation of law"⁶⁷ is a viewpoint often heard with regard to the US public administration. Now, contrasts between managerial bureaucracy in the United States and legalist bureaucracy in continental Europe should not be overestimated. Meanwhile, there are both administrative scientists and practitioners on the European continent who are devoted supporters of public management. In the USA it is precisely the reinventing government movement's focussing on the entrepreneurial spirit which has called those to the scene who stress the US administration's foundation on public law⁶⁸. And it is a fact that administration in the US is subject to the rule of law. However, with management-oriented attitudes – which politicians are demanding all the time from the civil service – the criteria of efficiency and effectiveness have gained a genuine access to the administration of public affairs and, with criticism and reform, they have advanced to a notable socio-technological standard⁶⁹.

Many a scientist or practitioner working in the field of public administration in continental Europe has difficulties with the category of management in the various languages. Some may make reservations purely on the grounds of linguistic aesthetics. Others may fear a managerialism that would appear inadequate with regard to public matters. Still, one must concede that management has become the term of a lingua franca in an increasingly internationalized administrative world. It signalizes that public

67 See *Leonard D. White*, *Introduction to the study of public administration*, 4th ed., New York 1955, p. XVI.

68 See *Ronald C. Moe/Robert S. Gilmore*, *Rediscovering principles of public administration: The neglected foundation of public law*, in: *Public Administration Review* 1995, pp. 135 ff.; *Charles T. Goodsell*, *Reinvent Government or rediscover it?*, *Public Administration Review* 1993, pp. 85 ff.

69 See *Barry Bozeman* (ed.), *Public Management: The State of the Art*, San Francisco 1993.

administration implies planning and coordination, staff recruitment and development, personnel management and control, organization, etc., and that allowance must be made in all these respects for the scarcity of resources. One does not have to keep up with every management fashion. Analogous to the distinction between bureaucracy and bureaucratism, it is also possible to criticize the dysfunctions of management as managerialism⁷⁰.

So, when we are talking of executive management here, this does not mean anything other than that the continental European administration must give more scope to effectiveness and efficiency on the socio-technological side without downright breaking with the values of the classical executive⁷¹. Strengthening these standards of action is peremptory for two reasons. Firstly, the "cold star of scarcity" is gaining an ever greater influence on the public sector. When asking the three classical producer's questions – namely "What is to be produced?", "How is it to be produced?" and "For whom is it to be produced?" – the first one will be referred to the primacy of politics. Accordingly, the definition of public commitments is in the hands of the legislature and of the executive's political leadership⁷². There remain certain autonomous spheres, above all in science and art. Yet it is neither the concern of a university administration nor of the administration of a museum to prescribe scientific or artistic subject matters respectively. Regarding the question of target groups, the normative reply will again refer the matter to politics, admitting, however, at the same time that, de facto, certain free scope will be left to the administration in the execution procedures. The administrative service can await applicants or, in a different approach, it can provide the people with relevant information. Whether quasi-markets might be helpful here may be doubted by those fearing that

70 See *Christopher Hood*, *Public Management for all Seasons?*, in: *Public Administration* 1991, pp. 3 ff.

71 See *Carl Böhret*, *The Tools of Public Management*, in: K. A. Eliassen/J. Koiman (eds.), *Managing Public Organisations. Lessons from contemporary European Experiences*, London et al. 1993, 2nd ed., pp. 87 ff.

72 See *Klaus König*, *Prozedurale Rationalität – Zur kontraktiven Aufgabenpolitik der achtziger Jahre –*, in: *VerwArch* 1995, pp. 1 ff.

equality before the law might be replaced by equality before the dollar, the German mark or the yen⁷³.

There remains the question of "how" goods are to be produced. Here, it would be all too simple merely to distinguish between mode of procedure and substance. Frequently, modes of administrative procedure are prescribed with a view to specific subject matters, from budget implementation rules to administrative procedural law. Yet mass treatment, technicity, professionalism, etc. make the answer to this question a domain of public administration. We are here dealing with the range of secondary efficiency rates, i.e. staff size, infrastructure, organization, physical resources, etc.⁷⁴. Such secondary efficiency rates – not efficiency improvement by privatization – are the main topic of approaches to modernize public administration in Europe. Differing from one country to the other, the relevant strategies all deal with result control, management by results, greater flexibility of civil servants, new personnel management, concentration on performance guarantee functions, contract management, decentral responsibility for resources, new budget management and so on, also extending to the incorporation of market mechanisms into administrative action⁷⁵.

Secondly, the apportionment of goods production between state and market remains ambivalent. There is no a priori concept according to which the insurance of individual rights, social welfare, humanity and quality of life works better when left to the market than to the state, or is better realized by the state than by the market. Legal, economic and social science theories each have their preferences. Pertinent ideologies are strong not only on the left but also on the right wing. The mercantilism of the 18th century was a prime mover in the socio-economic development in Europe; the party-ruled étatism in 20th century Eastern Europe in the end turned out

73 See *Klaus König*, "Neue" Verwaltung oder Verwaltungsmodernisierung: Verwaltungspolitik in den neunziger Jahren, in: *Die Öffentliche Verwaltung* 1995, p. 354.

74 See *Andreas Hoffjan*, Effizienzvergleiche öffentlicher Theater. Cost-Benchmarking als strategische Erweiterung eines theaterspezifischen Controlling, *ZöGU* 1994, pp. 292 ff.

75 See *Frieder Naschold*, Ergebnissteuerung, Wettbewerb, Qualitätspolitik. Entwicklungspfade des öffentlichen Sektors, Berlin 1995; OECD/PUMA (eds.), *Public Management Developments. Survey* 1993, Paris 1993.

to have exercised the opposite effect. State failure and market failure are both well known⁷⁶. We have historical experience in this respect. As a matter of fact, it must be decided in every individual case whether state or market is to deal with a given historical situation. In modern rationalism, this needs to be substantiated. Here, the European welfare states – which, in the course of many historic struggles, have assumed more and more public commitments, thereby reaching government activity rates of almost 50 per cent and partly even more – will not find it easy to state convincing reasons for this. As a result, privatization is the order of the day in many European countries. Yet on the other hand, there are many branches – public banks, the health sector, postal services – where politicians do not give in even to plausible economic reasons. So, if the German municipal savings banks are not privatized, as politicians want to maintain them under the control of local self-administration authorities, the least that can be done is to establish a savings banks management fulfilling the criteria of effectivity and effectiveness. Yet competitive open markets with private competitors will surely make a more valuable contribution to this end than self-discipline on the part of politicians and civil servants.

The ambivalence of public goods and the scarcity of public resources are sufficient reason to interpret the continental European administration's internal modernization at present as a primarily economic matter, for the primacy of politics and democracy as well as the constitutional system of order appear secured⁷⁷. This is what is meant by the executive management concept. The entrepreneurial management model, on the other hand, appears to be appropriate for such publicly owned companies that can compete on opened markets; however it is not adequate for the heart of the classical administration system. The reason for this does not lie in bureaucracy's intelligence. It will be able to incorporate market mechanisms in a formalistic manner. Yet the real question is whether, beyond the transfer costs, a more favourable cost/benefit ratio can be attained for the population. In this context, it is recommendable, incidentally, to study the experi-

76 See *Wilhelm Hennis/Peter Graf von Kielmannsegg* (eds.), *Regierbarkeit, Studien zu ihrer Problematisierung*, Stuttgart, Vol. 2 1977/79.

77 See *Frieder Naschold*, *Ergebnissteuerung, Wettbewerb, Qualitätspolitik. Entwicklungspfade des öffentlichen Sektors*, Berlin 1995.

ences made by big private enterprises with the introduction of intercompany market mechanisms⁷⁸.

That the classical public administration identifies itself through the regulative of a constitutional state shows a quality which exceeds the professional and technocratic level. By its concrete stipulations, it commits public administration to human and civil rights, to the measurability of its actions, to the proportionateness of means and purposes, to the provision of legal aid, etc. Concomitantly, the actual point is not that the civil service has found an identification formula but that endeavours to ensure justice for the citizens are guaranteed. Likewise, that constitutional state regulative does not object to the participatory democratic régime as in the civic culture administration in the Anglo-American sphere, where this has acquired historical continuity. In the German case, civil servants are sworn to the liberal democratic system laid down in the constitution and, apart from a few exceptional cases, they have identified themselves with that system of order in post-war times⁷⁹. As far as concerns the turbulences of every-day political business, the increasing party political influence in public life, interventions in favour of specific interests, the entanglement of personal relationships, etc. the situation is different. Here, the classical public administration's self-description through the constitutional state regulative means a gain in social stability.

78 See *Charles Heckscher*, *Defining the Post-Bureaucratic Type*, in: Heckscher/Anne Donnellon (eds.), *The Post-Bureaucratic Organization. New Perspectives on Organizational Change*, Thousand Oaks et al. 1994, pp. 14 ff.

79 See *Werner Thieme*, *Wiederaufbau oder Modernisierung der deutschen Verwaltung*, in: *Die Verwaltung* 1993, pp. 353 ff.

PUBLIC ADMINISTRATION – AFTER MODERNITY

I. ON MODERN ADMINISTRATION

Changes in public administration are generally associated with the concept of reform.¹ Accordingly, the history of administration in the Federal Republic of Germany until 1989 can be recorded as a history of reforms, embracing territorial administrative reform, the reform of internal administrative organization, civil service reform, the reform of budgeting and planning, the reform of relations between civil service and citizenship, the "age of reform" in public functions, and so on.² The catchword of "administrative reform", "réforme administrative" etc. customary in the occidental languages, can cover wide ranges of public administration in many countries. The predilection for the term of reform in administrative science and administrative practice is such that it is even used to name historical processes involving much deeper social changes than can be classified in this category. In the Third World, for example, the term of administrative reform is frequently applied in connexion with cases where it is actually a matter of breaking free from the traditional rule and building up highly differentiated politico-administrative institutions. Or, post-socialist states, where the entire systems of governmental, economic and social order are to be transformed, are referred to as reform countries.

In the Western industrialized countries, united in the Organization for Economic Cooperation and Development (OECD), on the other hand, the term of modernization now seems to be superseding the term of reform in

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- 1 See *Gerald E. Caiden/Heinrich Siedentopf* (eds.), *Strategies for Administrative Reform*, Lexington/Toronto, 1982.
 - 2 See *Klaus König*, *Die Transformation der öffentlichen Verwaltung: Ein neues Kapitel der Verwaltungswissenschaft*, in: *Rainer Pitschas* (ed.), *Verwaltungsintegration in den neuen Bundesländern*, Berlin 1993, p. 29 ff.

administrative matters.³ Now and then, a kind of competition seems to have broken out for the concept of modernization. In such cases, one can get the impression that the concept of modernity for public administration has not been understood, and that modernization is being considered as something that is supposed to produce modern administration. To counter this, reference must be made to the basic feature of modern societies, namely their functional differentiation into relatively independent sub-systems and spheres of action together with the rationalization of these ranges in accordance with their respective principles.⁴ These include the economic system governed by principles like private property, market and competition, and the politico-administrative system with its principles of humanity, democracy, constitutional order, etc. The system rationality of public administration in modern times has been characterized by Max Weber in his typification of bureaucracy: the generally fixed competencies of individual authorities, their hierarchical order, the "Amtsbetrieb" type of civil service operation, subordination to definite legal rules, an established civil service, etc. What he had in mind here was not just a prescriptive model. The material underlying this typification had been collected from true historical experience, and above all from the Prussian administration. Yet empirical findings of this kind might equally derive from Bavaria, Austria or France.

If modern administration is bureaucratic, the concrete appearances of its structural characteristics in the late 20th century are still to be found mainly at the national state level. True, classical internal affairs comprising public safety, traffic, health and so on have adopted an increasingly transnational character, and both international and supranational organizations are seeking a solution to the relevant problems.⁵ However, such organizations have

3 See *OECD/PUMA* (ed.), *Public Management Developments. Survey 1993*, Paris 1993.

4 See *Niklas Luhmann, Soziale Systeme*, 2nd ed., Frankfurt/Main 1985.

5 *Klaus König, Internationalität, Transnationalität, Supranationalität – Auswirkungen auf die Regierung*, in: Hans-Hermann Hartwich/Götttrik Wewer (eds.), *Regieren in der Bundesrepublik V*, Opladen 1993, pp. 234 ff.; *Klaus König, Organisation und Prozeß: Zur Internationalisierung des Regierens*, in: Carl Böhrer/Götttrik Wewer (ed.), *Regieren im 21. Jahrhundert – zwischen Globalisierung und Regionalisierung*,

been shaped to the internationalized pattern of national state bureaucracies. Public administration is interpreted primarily as French, Polish, US American or as German, for instance. This does not rule out specific regional characteristics in public administration. Precisely in the German Länder, administration is not uniform. Although there is a host of substantive necessities for harmonization that have gained momentum during the past decades, the forms of organization developed in the course of time continue to be of essential importance at Länder level. This became evident at the time of the German unification, when the new East German Länder were confronted with conflicting models from the West, such as for example different local-government systems.⁶ Yet, by and large, one will consider the national state level, when one wants to find out, for instance, just exactly how bureaucratic professionalism manifests itself in the various established civil service systems and their underlying principles.

Such orientation makes it difficult to identify, between the prescriptive models of an apparently universal public management and the scope of national administrative experience, an intermediate level of common features and then recognize dissimilarities. On closer inspection, however, it becomes obvious that what mainly divides the continental European member states of the European Union from Great Britain is not just everyday disputes on integration policies but that it is a reflection of cultural differences in terms of state, law and administration. Vice versa, it should become evident that New Public Management⁷ – including the US American approach of Reinventing Government⁸ – is an Anglo-American move-

Festschrift für Hans-Hermann Hartwich zum 65. Geburtstag, Opladen 1993, pp. 144 ff.

6 See Klaus König/Volker Meßmann, *Organisations- und Personalprobleme der Verwaltungstransformation in Deutschland*, Baden-Baden 1995, pp. 90 ff.

7 See Christopher Hood, *Public Management for all Seasons*, Public Administration 1991, pp. 3 – 19; Christopher Pollitt, *Managerialism and the Public Services: The Anglo-American Experience*, Oxford 1990; Reginald C. Mascarenhas, *Building an Enterprise Culture in the Public Sector: Reform of the Public Sector in Australia, Britain and New Zealand*, Public Administration Review 1993, pp. 319 – 328 (324).

8 See David Osborne/Ted Gaebler, *Reinventing Government. How the Entrepreneurial Spirit is Transforming the Public Sector*, New York et al., 1992; see Charles T.

ment that cannot be extended as it is to the European continent because of the resultant differences. When looking at the contributions made by administrative states like Germany, France and Japan to the national welfare, it might possibly be expedient for overseas authorities to catch up on modernization backlogs.

Anyhow, it is advisable to keep in mind that there is a historical difference between the more managerialist bureaucracies of the United States and now also of Great Britain, Canada, Australia and New Zealand and, on the other hand, the more legalistic bureaucracies in France, Austria, Germany, Italy etc., a difference which appears rather one of degree when compared with the cadre administration of practised socialism⁹ or Third World developmental administration¹⁰, but is nevertheless of relevance. Continental European administrations may be termed classical administrative systems, since the bureaucratic performance system established with modernity has persisted there until our times, outliving all political instabilities and changes.¹¹ They have survived changes of regime from monarchy to republic, dictatorship and democracy, and they have had to bear the burden of public action in times of breakdown.¹² While it may be said from this viewpoint that bureaucracy is older than democracy, the development of

Goodsell, Reinvent Government or rediscover it?, *Public Administration Review* 1993, pp. 85 – 87; Vice President *Al Gore*, Report of the National Performance Review, *From Red Tape to Results: Creating a Government that works better and costs less*, Washington 1993.

- 9 See *Klaus König*, Zum Verwaltungssystem der DDR, in: *König*, (ed.), *Verwaltungsstrukturen der DDR*, Baden-Baden 1990, pp. 9 ff.
- 10 See *Klaus König* (ed.), *Öffentliche Verwaltung und Entwicklungspolitik*, Baden-Baden 1986.
- 11 *Ferrel Heady*, *Public Administration – A comparative Perspective*, 4th ed., New York/Basel 1987; *Klaus König*, Zur Transformation einer real-sozialistischen Verwaltung in eine klassisch-europäische Verwaltung, *Speyerer Forschungsberichte* 99, 3rd ed. Speyer 1992.
- 12 See *Werner Thieme*, Wiederaufbau oder Modernisierung der deutschen Verwaltung, in: *Die Verwaltung* 1993, pp. 353 ff.; *Thomas Ellwein*, Geschichte der öffentlichen Verwaltung, in: *Klaus König/Hans Joachim von Oertzen/Frido Wagener* (eds.), *Öffentliche Verwaltung in der Bundesrepublik Deutschland*, Baden-Baden 1981, pp. 37 ff.

public bureaucracies in Civic Culture Administration countries like Great Britain and the United States was, from the outset, determined by the political regime, the historical continuity of which has persisted until today. These regimes admitted public administrations, defined their limits and strengthened their rapport with the persisting democratic and participatory order of a civic culture.¹³ While the permanent dominance of politics over public administration, however bureaucratic, was thus ensured, continental Europeans had to experience that situations may well occur, in which the people can expect things from the administration, which the political sector is not able to provide, such as basic supplies in times of political upheaval.

The Anglo-American continuities make the political regime's values the identification patterns of public bureaucracies. In continental European countries, on the other hand, an identification concept had to be found for public administration that continued functioning beyond the respective historical conditions of monarchies, republics, dictatorships and democracies. A regulative idea had to be put into effect, allowing the political system to define itself above and beyond the current political regime. The regulative idea is that of the state. Accordingly, public officials are described as "servants of the state", there. In the first instance, this regulative idea of the state is absolutely congenial to the public bureaucracies. Officials in civic culture administrations are also looking for identification outwith the political regime. In retrospect, the question may be asked as to whether the British class society is reflected in the "administrative class".¹⁴ In today's Anglo-Americanized world, one may keep a look-out for a self-styled "global professional technocracy".¹⁵ Yet with a view to the regulative idea of state, it must then be kept in mind that this is not without risk. Abuse of the state is abuse by its servants. So, the regulative idea of state needed a protective supplement, found at the level of the constitutional state or a state based on the rule of law. As to the development of constitu-

13 See *Richard J. Stillman*, Preface to *Public Administration: A Search for Themes and Direction*, New York 1991, pp. 19 ff.

14 See *Nevil Johnson*, *Der Civil Service in Großbritannien: Tradition und Modernisierung*, in: *DÖV* 1994, pp. 196 ff.; *Robin Butler*, *The Evolution of the Civil Service – a Progress Report*, in: *Public Administration* 1993, pp. 395 ff.

15 See *Stillman* (supra note 13), pp. 77 ff.

tional states in continental Europe, one may again fall back upon pre-democratic experience. Today, constitutional order and democracy are closely linked. Accordingly, the difference between classical administrative systems and civic culture administrations manifests itself first of all in the administrative law culture:¹⁶ in a highly differentiated administrative legislation, in a specific legalism, in an independent administrative jurisdiction, etc.¹⁷ Besides, there is a host of differences in other administrative institutions such as in monitoring by audit offices, and, in continental Europe in particular, in a probably more far-reaching professionalism of civil servants which, through the public administration's self-description by the regulative of the constitutional state, acquires a quality surpassing the level of professional technocracy.

II. ON POST-INDUSTRIAL ADMINISTRATION

In its modernity, public administration has not reached the "Ende der Geschichte" (i.e. the end of historical development).¹⁸ It remains subject to the "imperative of change". That – with the bankruptcy of practised socialism – it lost its historical adversary, i.e. the Marxist-Leninist cadre administration¹⁹, rather seems to have added to the pressure for modernization put on the managerialist and legalist bureaucracies. When interpreting public administration as a social system²⁰, on the one hand existing and functioning on the basis of its own system of order and, on the other hand, based on environmental conditions in a complex and changeable society, one will assume in the first instance that any change in administrative

16 Karl-Peter Sommermann, *Die deutsche Verwaltungsgerichtsbarkeit*, Speyerer Forschungsberichte 106, Speyer 1991.

17 Klaus König, *Öffentliche Verwaltung als soziales System*, in: Remer (ed.), *Verwaltungsführung*, Berlin/New York 1982, pp. 3 ff.

18 See Martin Meyer, *Ende der Geschichte?*, München 1993.

19 See Klaus König, *Kaderverwaltung und Verwaltungsrecht*, in: *Verwaltungsarchiv* Issue 1/1982, pp. 37 ff.

20 See Klaus König (supra note 17).

conditions outwith reforms must have been caused by a dynamic environment. At the transition from the industrial to the post-industrial society, administration might be subject to motive forces of this kind.²¹

As a basic foundation of modernity, industrialism²² has not only shaped the economic system but, besides other social fields, the state sphere as well. Mechanization, forms of organization based on the division of labour, growing production, separation of leisure time, places of living, etc., highly differentiated fields of specialization, technical professionalization, methodical work processes are also characteristic of public administration. So, the criticism levelled at the industrial society affects state and administration²³ as well: extending from a loss of sovereignty due to inherent technical necessities²⁴ via the politico-administrative self-endangerment in a "risk society"²⁵ to the overburdening of a highly strained welfare state. Fault has been found with the public administration for estrangement from the general public, the state bureaucracies being reproached in particular with impersonal attitudes, rule-based formalism, incomprehensible officialese, obscure competencies, procedural schematism, etc.²⁶

Post-industrialism²⁷, on the other hand, puts the further development of society in a better light. The industrial society's rationality is extended beyond its classical range of definition.²⁸ From this viewpoint, the

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- 21 See *Klaus König*, Zur postindustriellen Verwaltung, in: Volker J. Kreyher/Carl Böhrer (eds.), *Gesellschaft im Übergang. Problemaufrisse und Antizipationen*, Baden-Baden 1995, pp. 221 ff.
 - 22 See *Helmut Klages*, Stichwort "Industriegesellschaft", in: Dieter Nohlen (ed.), *Wörterbuch Staat und Politik*, Bonn 1991, pp. 239 ff.
 - 23 See *Ernst Forsthoff*, *Der Staat der Industriegesellschaft – dargestellt am Beispiel der Bundesrepublik Deutschland*, München 1971.
 - 24 *Herbert Marcuse*, *Der eindimensionale Mensch*, Darmstadt 1984.
 - 25 *Ulrich Beck*, *Risikogesellschaft. Auf dem Weg in eine andere Moderne*, Frankfurt/Main 1986; ders. (ed.), *Politik in der Risikogesellschaft: Essays und Analysen*, Frankfurt/Main 1991.
 - 26 *Wolfgang Hoffman-Riem*, *Bürgernahe Verwaltung? Analysen über das Verhältnis von Bürger und Verwaltung*, Neuwied und Darmstadt 1979.
 - 27 See *Jean Fourastié*, *Die große Hoffnung des 20. Jahrhunderts*, Köln-Deutz 1954.
 - 28 *Daniel Bell*, *Die nachindustrielle Gesellschaft*, Frankfurt a.M./New York 1975.

continuation of scientific and technological progress means rising productivity, more leisure time, welfare economy, highly qualified professions, and personal wealth. Natural sciences and technology have the effect that the tensions between new needs and new scarcities can be alleviated.²⁹ The centrality of theoretical knowledge as the source of innovation and also as the starting point of socio-political programmatic is considered an "axial principle".³⁰ The post-industrial society is a "service society". Developments in education and research lead to the development of a "quarternary" sector.³¹ A class of professionalized and technically qualified professions is evolving. Politics and economy are becoming scientific.³²

The effects of post-industrialism on public administration do not mean a break with the industrial society's welfare state but extended administrative existential provisions in view of new social, economic and, in particular, technical consequences; material provisions, for instance, in case of infirmity, as life is being prolonged by medico-technical means. Changes in industrial production, a new approach towards improved services, new professions in working life, conversion of business locations, greater mobility, novel means of communication imply the widening of state intervention and, at the same time, the further development of labour and social policies. Categories like "leisure-time society", "information society", "risk society" draw attention to social and technological problems which must be relieved both by public promotion programmes and regulations. All of this must be dealt with by the administration, just as that very scientific and technical progress is, which safeguards and endangers the quality of life at the same time. Public administration is expanding – not only as a part of the service society characteristic of post-industrialism, but also because social deficits cannot be compensated simply by markets and private goods but rather

29 *Werner Hugger, Szenarien alternativer Gesellschaftsentwicklung, in: Herbert König/Walter A. Oechsler (eds.), Anforderungen an den öffentlichen Dienst von morgen. Konzeptionen und Fallstudien zur mittel- und langfristigen Vorausschätzung, Regensburg 1987, pp. 82 – 97 (p. 88).*

30 *See Daniel Bell, Die nachindustrielle Gesellschaft (supra note 28), p. 115.*

31 *See Werner Hugger, Szenarien alternativer Gesellschaftsentwicklung (supra note 29), p. 88.*

32 *See Daniel Bell, Die nachindustrielle Gesellschaft (supra note 28), pp. 247 ff.*

have to be remedied by politico-administrative processes and public goods.³³

III. ON POST-MODERN ADMINISTRATION

Post-modernity might be interpreted as a social development scenario alternative to post-industrialism.³⁴ This would mean subordinating technological progress to the interests and concerns of the people, orientation of science and research to the needs of the community, and organizing "adapted" technologies. Non-material needs would take precedence. Material growth would have to be limited. Resources would be handled carefully, re-used and recycled; they would go further with the use of long-life goods, and in any case, they would be put to use sparingly. Basic supplies, preventive health care, nutrition with natural food would be ensured for instance by looking for alternatives. Nature would be recognized as the basis of life and protected. Interference with the natural environment would be kept at a minimum. Life would be characterized by naturalness and closeness to nature. Human activities would be integrated into an intact environment.

There would be a right to work for everyone, and the world of work would be organized in a humane way. Salaries and processes of work would be such as to offer possibilities of self-regulation. Property rights would be subject to consistent social commitments. Services in the social sector would be rendered by individuals according to their own free will during the time then available. "Social networks" would act as bodies responsible for solidary support and assistance. The intimate social community would become the reference point for individual and collective action. Minority interests would be given specific consideration. Conflicts could be solved without the application of force. Being in need and being

33 See *Klaus König*, *Zur postindustriellen Verwaltung* (supra note 21), pp. 225 – 227.

34 See *Werner Hugger*, *Szenarien alternativer Gesellschaftsentwicklung* (supra note 29); *Peter Koslowski/Robert Spaemann/Reinhard Löw* (eds.), *Moderne oder Post-moderne? Zur Signatur des gegenwärtigen Zeitalters*, Weinheim, 1986.

affected would be the decisive criteria. All interests would be taken into account, and all interested parties would be invited to cooperate to the greatest possible degree. Those concerned would have a say and, simultaneously, the general public's and also the present and future generations' interests would be represented. Together with intact social relations, self-determination, self-fulfilment, and self-development would be the points at issue.³⁵

A social environment of this kind would not remain without implications for the system of public administration.³⁶ Where such a wide range of social services would be performed on a do-it-yourself basis by individual and collective action, the administrative production and distribution of public goods would decrease, both quantitatively and qualitatively. The state would maintain responsibility for specific closely defined supplies and services like basic research or disaster control. But even where the maintenance of internal security and order is concerned, the state would be less called upon due to the infiltrating conviviality. Its foremost supervisory function would be in the ecological sector. Remaining social welfare functions would have to be fulfilled by lower-level administrative units. Development of small-scale technologies, establishment of eco-friendly plants etc. would have to be promoted. In public cultural life, the state sector would – apart from every-day culture – only need to deal with expensive exceptional events; in the leisure-time sphere, it would have to do nothing but coordinate and safeguard activities developing at grass-root level.

Accordingly, public-sector physical goods and services would have to be provided decentrally, in close proximity to demand and the people concerned. The predominant territorial organization would be poly-central,

35 See *Klaus von Beyme*, *Theorie der Politik im 20. Jahrhundert. Von der Moderne zur Postmoderne*, Frankfurt/Main 1991, pp. 172 ff.

36 See *Carl Böhret*, *The Tools of Public Management*, in: K. A. Elisassen/J. Kooiman (eds.), *Managing Public Organizations. Lessons from Contemporary European Experience*, London et al. 1993, pp. 87 ff. (pp. 89 ff.); *Böhret*, *Allgemeine Rahmenbedingungen und Trends des Verwaltungshandelns*, in: H. Reinermann/H. Fiedler/K. Grimmer/K. Lenk/R. Traunmüller (eds.), *Neue Informationstechniken. Neue Verwaltungsstrukturen?*, Heidelberg 1988, pp. 27 ff.; *Werner Hugger*, *Szenarien alternativer Gesellschaftsentwicklung* (supra note 29).

designed to suit intra-regional needs and small ranges of action. The competencies for public regulation and planning would have to be concentrated at the lower levels of administration, if only for optimum participation and grass-root cooperation. Complex aggregate planning would be offered to the smaller settlement and living units as services from which to select freely. Basically, it would all be merely a matter of coordinating single activities. The primary elements in administrative processes would be information, discussion and creative participation. If a consensus had to be attained, the decisive factors in the process would be participation, advice, negotiations and persuasion. Work organization in public administration would be characterized as it is elsewhere by rationalization avoiding negative effects, working-time cuts, job sharing, by organizing gainful employment close to the places of residence, etc.

Yet the category of post-modernity goes beyond such a scenario and, at the same time, remains more diffuse. Right away there is the question as to epochs and turning points on the way from modernity to post-modernity.³⁷ It is true that post-industrialism sees a new phase of development draw near; but in posterior extrapolations it is not considered as a historical break but as widening the rationality based on the industrial society.³⁸ Considering this, it seems to be rather unclear, what precisely is meant by the shift to post-modernity. Many things from the past are turned down, others are utilized. For instance, reference is made to insights derived from discursive theory or systems research³⁹, where enlightenment intentions or functional differentiation are the very elements that stand for modernity. In administrative science, too, it is in the name of Postmodern Public Administration that not only management doctrines are dropped and constitutionalism and communitarism are considered out of date but that a discursive theory is

37 See *Klaus von Beyme*, *Theorie der Politik im 20. Jahrhundert* (supra note 35), p. 147.

38 See *Daniel Bell*, *Die nachindustrielle Gesellschaft* (supra note 28); *Helmut Klages*, *Stichwort: Post-industrielle Gesellschaft*, in: Dieter Nohlen (ed.), *Wörterbuch Staat und Politik*, Bonn, pp. 555 f.

39 See *Karl-Heinz Ladeur*, *Postmoderne Rechtstheorie. Selbstreferenz – Selbstorganisation – Prozeduralisierung*, Berlin 1992.

drawn up as well⁴⁰, while discourse researchers themselves equate postmodernity with a neo-conservatism⁴¹ so that defending modernity appears progressive.

There is another problematical issue: Is the concept of postmodernity focussed on a theoretical perspective, scientific methods, the acquisition of knowledge, or on social life, actual facts and the people's scope of experience? In other words, is it a question of a postmodern analysis of organizations or of an analysis of postmodern organizations?⁴² The former approach manifests itself in concepts like representation⁴³ or deconstruction⁴⁴. The latter assumption leads to the question of whether a postmodern society actually exists or whether this is, outwith the concept of society, nothing but a theoretical vehicle for horizontal relations implying multiculturalism, localism, charismatic policies, commercialism, etc. and, in the organised world, implying diffusion instead of specialization, markets instead of hierarchies, intra-organizational instead of extra-organizational responsibilities, etc.⁴⁵

Recurring to postmodern thinking as a category overarching theory and practice, science and arts, we fail to find any incorporative conceptions for spheres of life like politics and law, state and administration; at most, fragments can be made out – these, however, in the sense of postmodern frag-

40 See *Charles J. Fox/Hugh T. Miller*, *Postmodern Public Administration. Toward Discourse*, Thousand Oaks/London/New Delhi 1995.

41 See *Jürgen Habermas*, *Der philosophische Diskurs der Moderne*, Frankfurt/Main 1988, 4th ed.

42 See *Stuart R. Clegg*, *Modern Organizations. Organization Studies in the Postmodern World*, London/Newberry Park/New Delhi 1990, p. 15.

43 See *Paul Jeffcutt*, *From Interpretation to Representation*, in: John Hassard/Martin Parker (eds.), *Postmodernism and Organizations*, London/Newberry Park/New Delhi 1993, pp. 25 ff.

44 See *Steve Linstead*, *Deconstruction in the Study of Organizations*, in: John Hassard/Martin Parker (eds.), *Postmodernism and Organizations* (supra note 43), pp. 49 ff.

45 See *Stuart R. Clegg*, *Modern Organizations* (supra note 42), p. 203.

mentary thinking.⁴⁶ Among this might be ranked an insubstantiality of power, for example. The state has "lost its spell".⁴⁷ Like other institutions, public administration must substitute negotiations for power. Power is not tied to institutions but represents a "complex strategic situation". It consists of an interplay of unequally mobile relationships. As a matter of fact, the state in the old Federal Republic of Germany could leave the impression that it was a matter of politico-administrative moderation, of self-regulation by society and then of coordination and compensation functions. The unification of Germany and the transformation of a practised socialism's state, economic and social systems of order on east German soil, however, revealed state sovereignty down to the core. From the viewpoint of internal politics, it was not possible simply to revert to corporatist patterns of action or systems of negotiation between administration and the general public which, in retrospect, make the old Federal Republic with its soft forms of state action appear so pleasant to some people. West German economic circles may actually have had the better insights into the economic consequences of unification. With a view to the situation in all spheres of life, decisions were taken elsewhere, namely in the state institutions.⁴⁸ East German citizens' movements may well have had better information on the socio-cultural conditions of that transformation. Faced with the uncertainties implied in the transition, a system of order was established otherwise, i.e. by means of legislation passed by the state.⁴⁹ As a matter of fact, it was not simply a matter of leadership in line with the situation; the point is that there is no institution apart from the state, able to undertake such decision-making and order functions in a way binding for everyone.

46 See *Klaus von Beyme*, *Theorie der Politik im 20. Jahrhundert* (supra note 35), pp. 330 ff.

47 See *Helmut Wilke*, *Entzauberung des Staates. Überlegungen zu einer gesellschaftlichen Steuerungstheorie*, Königstein/Taunus 1983; *Wilke*, *Ironie des Staates. Grundlinien einer Staatstheorie polyzentrischer Gesellschaft*, Frankfurt/Main 1992.

48 See *Klaus König*, *Transformation als Staatsveranstaltung*, in: *Leviathan Sonderband "Transformation in Mittel- und Osteuropa"*, 1995.

49 See *Helmut Quaritsch*, *Eigenarten und Rechtsfragen der DDR-Revolution*, *Verwaltungsarchiv*, 1992, pp. 314 ff.

Among the other fragments of post-modern thinking, the following are of relevance to administration, for instance: legitimation of public action, the upgrading of minorities together with a lessening of the majority principle's impact – *factually rather than in normative terms*, where plebiscites are strengthening minority power – popularization of information technologies, but above all an exorbitant pluralism and eclecticism, imponderabilities, and the coincidence of non-concomitances. Yet state, legislation, government, and public administration are not among those spheres of life that virtually call for a "new" mode of thinking in accordance with the postmodern maxim that "anything goes". Architecture, business, social philosophy, life styles in harmony with specific taste cultures as to housing, clothing, food, etc. are more interesting in this respect.⁵⁰ Nevertheless, one may gain the impression that a special liking for incompatibilities is growing stronger even in the sober intellectual sphere of politico-administrative action.

It strikes the observer that the same voices that are demanding the abolishment of the position of city manager in some local government systems in favour of a directly and democratically elected and thus extremely political mayor⁵¹, in the same breath propagate a "new mode of steering", standing for the separation of politics and administration⁵², which, in fact, would mean the dualism of political mayor and administrative city manager. Or the demand is brought forward that the minister-presidents of the Federal Länder be elected directly by the people, not by the parliaments, the ministers then having to be confirmed by the relevant Länder parliaments⁵³; the probable consequence being that the contradictions

50 See *Horst W. Opaschowski*, *Freizeit, Konsum und Lebensstil*, Köln 1990.

51 See *Gerhard Banner*, *Der (Ober-)Bürgermeister als Verwaltungschef – ein mögliches Modell?*, in: Dietrich Fischer/Rainer Frey/Peter Paziorek (eds.), *Kommunalverfassung in Nordrhein-Westfalen. Sind unsere Städte noch zu regieren?*, Beckumer Hochschultage 1988, pp. 59 ff.

52 See *Gerhard Banner*, *Von der Behörde zum Dienstleistungsunternehmen. Die Kommunen brauchen ein neues Steuerungsmodell*, in: VOP, Issue 1/1991, pp. 6 ff.

53 See *Wege aus der Krise des Parteienstaates. Thesen der "Frankfurter Intervention"*, in RuP 1995, pp. 16 – 26; *Hans Herbert von Arnim*, *Demokratie vor neuen Herausforderungen*, in: ZRP 1995, Issue 9, pp. 340 ff. (351).

inherent in a "divided government" would have to be sustained not only as is the case in the United States of America in different party political constellations between the top executive and a legislative majority, but also within the very government itself. Or again, with regard to the "law of the future", stability and the binding character are to be maintained; while, on the other hand, established law is to be replaced more and more by "law in a state of flux", replacing orders to act by offers of information, supplying users with demand-oriented, graded information of the computer-menu type and inviting them by means of exemplary scenarios to dialogue and interaction respectively.⁵⁴ Characteristic examples are the catalogues of demands for the establishment of a "new" public management and a "new mode of steering" in the civil service.⁵⁵ Here, it must be asked not only whether this is consistent with the existing structures, but also whether the various components of the said model are compatible with one another – on the one hand demanding decentral responsibility for resources, and on the other hand postulating the strengthening of the "group's headquarters", i.e. of the local governments.⁵⁶ Decentralism always means autonomy. Yet the independence so granted can, of course, be overruled by secondary mechanisms or informal means. In such case, however, decentralism may become mere rhetoric.

Where post-modernity is interpreted as a contrast to modernity, society's functional differentiations and the rationalization of independent social spheres of action developed in modern times would have to be replaced by de-differentiating and deconstructing the existing divisions of labour, distributions of responsibilities, and partitioning of power⁵⁷, all this of course in reality, and not in the shape of a prescriptive model. From Japan to Sweden, one has to be on the look-out for such post-modern methods of organization in production, distribution and consumption. And, as a

54 See *Hermann Hill*, Gesetzgebung in der postindustriellen Gesellschaft, in: ZG, Issue 1/1995, pp. 82 ff.

55 See *Hermann Hill/Helmut Klages* (eds.), Qualitäts- und erfolgsorientiertes Verwaltungsmanagement. Aktuelle Tendenzen und Entwürfe, Berlin 1993.

56 See *Gerhard Banner*, Von der Behörde zum Dienstleistungsunternehmen (supra note 52), p. 8.

57 See *Stuart R. Clegg*, Modern Organizations (supra note 42), pp. 15 f.

matter of fact, a certain flexibilization is being observed here and there, superseding assembly line work, providing allround qualifications for work, making available a range of information technology to choose from, etc. However, if public administration is to be given the connotation of post-modern, it will have to meet demands exceeding the formation of project groups alongside line departments, the establishment of citizens service bureaus beside the technical departments, and the employment of all-rounders in addition to specialists. Beyond flexibilization by way of non-hierarchical forms of organization, decentral computerized approaches, and a wide qualification of employees, a new kind of diffusion would have to be achieved. Yet, there are three organizational imperatives conflicting with this, imperatives also of obvious importance for private economy organizations⁵⁸ and in even greater measure for state organizations.

Firstly, the public administration cannot refrain from fixing system limits, in particular, those separating it from the general public and from the political sector. However numerous the symbols of customer-oriented policy in an economic enterprise may be, they do not mean that the limits between the system of production or distribution and its consumer environment are set aside. Likewise, citizen-oriented approaches insinuate in no way that the general public would be allowed to take part in public administration through a kind of membership. True, cases of multiple social relationships do actually exist, for example when one and the same person participates on an honorary basis in the local self-government and, on the other hand, in his capacity as a businessman, building owner, user of tram-car lines, etc. belongs to the administration's environment. Still, there are specific rules of differentiation, applicable to such cases. "Overlapping membership" is not made a principle. The identicalness of those administered and those administering was thus first propagated in the mode of dealing with social affairs under the soviet council-type democracy model.⁵⁹ The historical success attained by this approach in the Yugoslav workers' self-government, in the Israeli kibbutz movement, and in China's

58 See *Stefan Kühl*, Wenn die Affen den Zoo regieren. Die Tücken der flachen Hierarchien, Frankfurt a.M./New York 1995.

59 See *Carl Böhret/Werner Jann/Eva Kronenwett*, Innenpolitik und politische Theorie. Ein Studienbuch, Opladen 1988, pp. 379 ff.

cultural revolution was not so great as to make it a precept for public administration.⁶⁰ Also, its human factor, the "new" man with his high commitment to collective action, is not likely to fit too easily into a post-modern lifestyle. We can hardly imagine a future without professional administrators. The differentiation between membership and non-membership in an organization continues to be a premise to any social action in both economy and state⁶¹ and is a *sine qua non* for a professional civil service.

Secondly, an administrative system operating in an extremely complex environment must feature an appropriate complexity itself. As regards sectors like tax administration, health administration, environmental administration, etc., the inherent situations of action are so historical, that one can hardly imagine that the patterns of administrative functions and competencies could be fundamentally dismantled. Organizational "over-complexity" is a criticism levelled frequently at both private and public institutions. Yet one may doubt whether Lean Management and, analogously, Lean Government models, through internal rationalization efforts, will actually result in reduced complexity. There must not arise a dysfunctional gradient of complexities between interior and exterior.⁶² In case of any such intervention, organizations will develop secondary mechanisms to solve their problems, thus restoring an adequate complexity, or they will fail.⁶³ Tax legislation, health legislation, environmental legislation symbolize highly differentiated living conditions in society and state and indicate what is feasible within the intra-administrative organization.

60 See *Klaus König*, System und Umwelt der öffentlichen Verwaltung, in: *König/von Oertzen/Wagener* (eds.), *Öffentliche Verwaltung in der Bundesrepublik Deutschland*, Baden-Baden 1981, pp. 13 ff. (pp. 32 f.)

61 See *Niklas Luhmann*, Funktionen und Folgen formaler Organisation, Berlin 1995, p. 395.

62 See *Klaus König*, Das Bundeskanzleramt als komplexe Organisation, in: *Rudolf Fisch/Margarete Boos* (eds.), *Vom Umgang mit Komplexität in Organisationen*, Konstanz 1990, pp. 149 ff.

63 See *Klaus-Eckart Gebauer*, Zur Optimierung von Koordination und Planung in einer Regierungszentrale, in: *Verwaltungsarchiv* Issue 4/1994, pp. 485 ff.

Thirdly, the conditions of power relating to public administration must be well-ordered. That is precisely the merit of properly understood state bureaucracies: that the ruling character of public administration is not ignored but Max Weber's basic idea is being applied, although in many variations; namely the idea that, according to all and every experience, bureaucratic administration is the kind of rule formally most rational in terms of reliability, i.e. predictability both for those in charge and those concerned.⁶⁴ Public administration is not the proper place for internal struggles for power. It is not even acceptable that civil servants, due to their substantive qualifications, have the final say in public matters. Diffusion, making public employees the "new rulers" is absolutely contradictory to the political primacy in a democracy, which must be safeguarded also in the

intra-administrative sphere. Historically, de-differentiation of an order of rule has time and again turned out to be problematical, extending up to diffuse definitions of membership: on a large scale, when access to professions and professional careers of state employees in the Marxist-Leninist cadre-type administration was decided on in accordance with criteria of their politico-ideological qualifications;⁶⁵ and, on a small scale, when professional established civil servants and non-permanent political staff are put together – as for example in the United States of America – in one Senior Executive Service.⁶⁶

IV. ON POST-BUREAUCRATIC ADMINISTRATION

As to their factualness, post-industrial concept and post-modern scenario feature so much plausibility that we can interpret public administration as a social system exposed to the most contradictory social influences not only in its current functions but also as regards its further devel-

64 See Max Weber, *Wirtschaft und Gesellschaft*, Tübingen 1956, pp. 124 ff., pp. 823 ff.

65 See Klaus König, *Zum Verwaltungssystem der DDR*, in: König (ed.), *Verwaltungsstrukturen der DDR*, Baden-Baden 1991, pp. 9 ff. (p. 19).

66 See Leadership for America. Rebuilding the Public Service, The Volcker Commission Report, Lexington/Toronto 1990.

opment in institutional terms. Yet if administrative action is determined not only by its environment comprising society, economy, and state, but by its own inherent system of order as well, then the modernization of public administration must also allow for the civil service's self-reference. It is with good reason that discussions on administrative reforms very frequently deal with the subject of bureaucratic resistance. For, beyond all theories on the self-organization of any system – autopoiesis – there is hardly an institution that is considered so self-centred – and immortal – as state bureaucracy. Moreover, bureaucratic administration with its high degree of functional differentiation and rationalization according to principles of its own is one of the essential pillars of modernity. One must have experienced the "unbureaucratic dealing" with a matter as is frequently promised by populist executive politicians, in exceptional cases taken at their word, – i.e. a way of dealing without definite responsibility, without professionalism, without files, without rules and regulations, etc. – to discover that the negative consequences arise not so much in the administration as for the general public. Thus, social changes must be thought over with due regard to the bureaucratic system of order for both the administration's and the society's sake.

There has been a longstanding search for alternatives to state bureaucracies; a host of counter-models have been proposed. The two big social counter-experiments – cadre-type administration and democratic soviet-council-based administration – could not stand comparison with the bureaucratic system of performance. In Western modernization movements, those usually have the least problems who interpret bureaucracy as a prescriptive and rational model, which must counteract any dysfunctions like formalism, impersonal attitudes, mysterymongering etc. by presenting a counter-model, the rationality of which is precisely to avoid such mistakes. Due to the reciprocity between systems and their environments, a host of overlaps is then encountered in the intellectual world of post-modernism and post-bureaucratism. And even this intellectual domain seems to feature post-modern traits. Administrative politics seems to be handled like "conceptual art"⁶⁷, an art trend in which the artist refrains

67 See Niklas Luhmann, *Konzeptkunst*. Brent Spar oder: Können Unternehmen von der Öffentlichkeit lernen?, in: *Frankfurter Allgemeine Zeitung*, 19.2.1995.

from realizing his project, confining himself to draft designs, substituting the concept for the finished work of art, thereby exceeding the limits formerly set by implementation.

If post-bureaucratic attitudes mean departure from bureaucratic attitudes, the fixed order of competencies in bureaucracy is set up in comparison with flexible competencies in a post-bureaucratic organization, pointing towards persons who are capable of solving the problem. Formal rules laid down in writing are to be replaced by a "dialectical" *modus operandi* adapted to the current situation. Impersonality as inherent in action without respect of persons is to be avoided by treating the "client of administration" as an equal, not as an inferior. The hierarchy of authorities is to be replaced by a "flat" organization without hierarchical structure and without supervisory staff. Specialization must give way to problem-solving in teams and collective decision-making. The permanent established civil service is to be replaced by mobile experts. The permanence of the institution is to be terminated and succeeded by temporary organizations. Official secrecy shall be superseded by open communication.⁶⁸

There have been social experiments with the above and other comparable components of administrative organization. But there are no reports on their durability. For example, efforts to invalidate the limits between system and environment by integrating the clients into the organization have failed. A social welfare authority was a failure, since one was no longer able to handle the sparse public funds. This was not simply due to the fact that the allocating body was only willing to grant funds to a social welfare authority with a well-established programme. The authority itself had to be capable of protecting itself against unfounded claims for benefits. The relevant mechanisms failed as differentiation between those granting and those receiving had been given up.⁶⁹

Today, the public administration's bureaucratic system of performance is being challenged from another direction. A renewal movement propa-

68 See Howard E. McCurdy, *Public Administration: A Synthesis*, Menloe Park, 1977, p. 349.

69 See Orion White, *The Dialectical Organization: An Alternative to Bureaucracy*, in: *Public Administration Review* 1969, pp. 35 ff.

gating New Public Management and Reinventing Government has meanwhile reached the German-speaking area, finding supporters mainly at the communal administration level under the portent of providing a new model for management and control. The language of this new approach is the language of markets, of competition, enterprises and clients. Some regard categories like result-oriented approaches, quality, production, services, client-oriented action, incentives, consumer's choice, value-related performance, etc. as manifesting the shift of paradigms from bureaucracy to post-bureaucracy.⁷⁰ Yet a distinction must be made as regards this renewal movement between those of its components that are compatible with the bureaucratic administration, even where it has a classical continental European character, and those components which extend beyond the modernist detail differentiations of state and administration. The idea of decentral responsibility for resources, for instance, is perfectly familiar to an organizational scenery featuring federalism, local self-government, departmental responsibility, formal organizations under private law, shifts of functions to external bodies and so on. Newly orienting the budget circuit to cost and benefits, new differentiation between the political and administrative sectors, a new distribution of competencies between ministries and "agencies", a new division of labour between politico-administrative control and public functions, as well as new incentives for the civil service, etc. do not exactly mean that bureaucratic conditions are being overthrown. Instead, it is a matter of reasonably balanced administrative reforms, as the case may arise. It would be a different matter, if we were saying goodbye to the traditional executive conditions in public administration and proceeding towards market and competition in the public sector. This would mean that we were entering a period posterior to the bureaucratic system of performance.

From the viewpoint of the Anglo-American managerial bureaucracies such a shift of paradigms can be defined by the formula "from administrative management to entrepreneurial management".⁷¹ The brevity of this

70 See *Michael Barzelay*, *Breaking through Bureaucracy. A New Vision for Managing in Government*, Berkeley/Los Angeles/Oxford 1992, pp. 115 ff.

71 See *David Osborne/Ted Gaebler*, *Reinventing Government. How the Entrepreneurial Spirit is Transforming the Public Sector*, New York et al. 1992.

formula requires some explanations. Firstly, the concept of entrepreneurial action is connected inseparably with the market economy system.⁷² In an enterprise, productive factors are combined to produce goods and services, which are to be sold profitably on the market. Secondly, there must be an environment that is compatible with such entrepreneurial management, an environment featuring market and competition. Thirdly, competition implies performance incentives which make it appear, *sui generis*, socially desirable. But, as a matter of fact, there are modes of competition in the economy, in politics, in sports, etc. – from Manchester school attitudes via socialist competitions to high-performance children's sports – that can be disapproved of from the social point-of-view. Fourthly, there is no apriority according to which the market is generally superior to the state in establishing public welfare or vice versa. Even strictly liberal economic theories admit that the state must create and safeguard the framework for a well-functioning market economy and, beyond this, that there are goods which the market can fail to supply because of their very economic character. This means, in the fifth instance, that one has to differentiate between private goods, type, scope and distribution of which are settled by bringing individual preferences into harmony within the market mechanisms, and public goods, the procurement of which must be decided on in a politico-administrative objective-defining process.⁷³ In the sixth place, there is no principle of subsidiarity under natural law, obliging us to privatize any public production of goods just because it is capable of being privatized. The principle of how production, distribution and consumption should be divided between the public and private sectors, is a matter of decision again, albeit one pre-determined in the constitution.⁷⁴ In the seventh place, reasons for

72 See *Peter H. Werhahn*, *Der Unternehmer – seine ökonomische Funktion und gesellschaftspolitische Verantwortung*, Trier 1990.

73 See *Richard Musgrave/Peggy Musgrave/Lore Kullmer*, *Die öffentlichen Finanzen in Theorie und Praxis*, Vol. 1, 5th ed., Heidelberg 1990, pp. 60 ff.

74 See *Robin W. Boardway/David E. Wildasin*, *Public Sector Economics*, 2nd ed., Boston/Toronto 1984; *Klaus König*, *Staatsaufgaben und Verfassungen der neuen Bundesländer*, in: *Ipsen/Rengeling/Mössner/Weber (eds.)*, *Verfassungsrecht im Wandel. Zum 180jährigen Bestehen der Carl Heymanns Verlags KG*, Köln et al. 1995, pp. 109 ff.

any such assignment may lie in the political, legal, economic, social, cultural or human sectors.⁷⁵ The result is that, in the eighth instance, convincing economic reasons for privatization may not be given a chance in spite of careful consideration of all the pros and cons.

From this viewpoint, it appears expedient to pursue the formally preposterous idea of deciding on goods and services in a politico-administrative process and then after all by marketing and competition. There remains the question of whether we can socially design virtual competition and quasi-markets in view of the lack of actual market entries and privatization.⁷⁶ An exceptional case in this regard is the duality of public and private services for example in broadcasting, in banking, in the health sector as well as in other branches. Here, market realities are infiltrating in one case or other, although the "life insurance" provided by the state is preventing perilous competition on the public sector side. Another remark to be made on the virtual competition of public administrations is that this is an organizational competition. Such competition does not extend to the individual civil servant, just as in private enterprises where the general accompaniment of operational processes with cash prizes is considered problematical.⁷⁷ This is the motive for organizational attribution, in the form of a profit centre, for instance, making independent organizational units of an enterprise responsible for its profits.

The fundamental problem encountered in any virtual organizational competition is the creation of rivalry. On the one hand, there are ranges of public goods and services, where the general public can choose between different public service providers or where such options can be made available without any damage to the organizational values of classical admin-

75 See *Klaus König*, Prozedurale Rationalität – Zur kontraktiven Aufgabenpolitik der 80er Jahre -, in: *Verwaltungsarchiv*, Issue 1/1995, pp. 1 ff.

76 See *Manfred Röber*, Über einige Mißverständnisse in der verwaltungswissenschaftlichen Modernisierungsdebatte: Ein Zwischenruf, manuscript, p. 4, will be published in: *Helmut Wollmann/Christoph Reichard* (eds.), *Kommunalverwaltung im Modernisierungsschub*.

77 See *Wil Martens*, Entwurf einer Kommunikationstheorie der Unternehmung. Akzeptanz, Geld und Macht in Wirtschaftsorganisationen, Frankfurt/M./New York 1989, pp. 150 ff.

istration. There are such options in a host of different spheres: in the cultural sector, museums and theatres; in education, universities and adult evening classes; in the social welfare sector, old-age homes and kindergartens; in the health sector, hospitals, nursing homes, and so on. Also, there are cases where such options can be created upon appropriate consideration of the pros and cons, for example with regard to public insurance monopolies. Still, the core of all administrative matters is based on the principle of fixed orders of competencies and the prevention of multiple responsibilities. This is a matter of course in interventional administration, as here it is a question of protecting the citizens' legal rights. But for benefit-administering services, single competency likewise holds good, and again for good reason; just think of the difficulties encountered in the procurement of information by a welfare state making transfers. Serious counter-arguments will be raised, should someone desire to allow choice between police authorities, youth welfare offices, trade supervisory authorities, building authorities, social welfare authorities and so on.

But even where a choice is possible, further requirements must be met to admit virtual organizational competition and quasi-markets. Competitive

conditions with the least possible restrictions must be created so that market entry and exit will not be hindered by excessively high barriers. Both parties to the market must have easy access to information on costs and qualities. The cost of transactions inherent in market bartering – namely negotiations, contracts, invoicing, payments system, monitoring, etc. – may not exceed the efficiency gains obtained through competitive behaviour. At least in part, there must be financial incentives to bidders, enabling them to react to price signals. In the interest of equal treatment it must be precluded that bidders or demanders merely "cash in", i.e. that administrations give preference to low risks, easy cases and perfectly solvent clients and that beneficiaries, whether individuals or organizations, just profit from "free-ride" effects.⁷⁸

So far, there is not much reliable experience with virtual organizational competition and quasi-markets in public administration. Even the really

⁷⁸ See Wendy Ranadé, *The theory and practice of managed competition in the National Health Service*, in: *Public Administration* 1995, pp. 243 ff.

significant "object lesson" of the nationalized health service in Great Britain⁷⁹, raises more questions than there are answers. One question to be asked is whether the multiplicity of public protagonists, their multiple configurations and the host of rules applicable to them are not due to a new bureaucratic formalism. Another question that could be asked is whether it might not have been more favourable to privatize or re-privatize parts of the National Health Service, drawing efficiency gains from a mixed public/private health sector. Anyhow, discussions with British administrative experts confront one with contradictory statements. While some see behind the Citizen Charter – i.e. more or less new kinds of general terms and conditions between authorities and citizens – a public revolution, others call it "just paperwork". One even hears the opinion that it was a matter of catching up on the modernization backlog in an old administration moulded by a class society.

A shift of paradigms from bureaucratic to post-bureaucratic administration extends so far into the culture of society and public administration as the "working state" that single proofs are not sufficient in themselves even if extending beyond models and scenarios into the world of experience. One would have to know, for example, whether the people's expectations of public administration have changed fundamentally. Post-modernity is said to have thriven on the soil of consumerism, and – after the end of a comprehensive ideology – left the market as the only all-embracing tie.⁸⁰ On the other hand, consumption does not feature de-differentiation but a higher degree of differentiation.⁸¹ It is precisely in the health sector with its notion of relative health instead of the absence of sickness that one may refer to highly differentiated needs ranging from prevention to chronic invalidism, from pharmaceutical products to healthy food, from sanitary aids to ergonomic equipment; accordingly, it appears less likely that such a wide variety of needs might be met by means of a uniform pattern of control. By the same token, it is difficult to imagine the tax payer, social welfare benefici-

79 See Ian Tilley (ed.), *Managing the Internal Market*, London 1993; *Julian Le Grand/Wil Bartlett* (eds.), *Quasi-Markets and Social Policy*, Hound Mills et al., 1993.

80 *Zygmunt Bauman*, *Legislatures and Interpreters. On Modernity, Post-modernity and Intellectuals*, Oxford 1987, pp. 188 ff.

81 See *Stuart R. Clegg*, *Modern Organizations* (supra note 42), p. 18.

ary, a person in trouble with the police, an individual in need of care, a pupil, concessionaire and so on, as one and the same client, i.e. the party on the demand side of the market.

Maybe there is something absolutely different to learn from the unification of Germany, namely that the less reliable the family, settlement community, reputation, social background and ideology, the more essential becomes the reliability of a legalist bureaucratic system of order, transfers and services. Although "Reinventing Government" was discussed in the United States until recently, the third National Performance Review report submitted by the US Vice President bears the title "Common Sense Government". Now they aver that they understand that the state is not a business enterprise, that it must do a host of things that need not be done by businesses. This does not mean, they say, that the state is not able to operate in a "businesslike manner", i.e. efficiently, effectively and with a minimum of wastefulness.⁸² As humane, democratic and constitutional attitudes on the part of the German public administration are considered an established fact, let us enter a phase of modernization, endeavouring to strengthen the efficiency and effectivity of public affairs.⁸³ Also, state and administration may learn a lot from experience in private economy. However, it appears that, in the final analysis, more may be expected from a state practising common sense in every-day affairs than from the reinvention of government and administration.

82 PA Times, Vol. 18 No. 10, 1. Oktober 1995, p. 20.

83 See *Heinrich Reinermann*, *Die Krise als Chance: Wege innovativer Verwaltungen*, Speyerer Forschungsberichte 193, Speyer 1995.

