INTRODUCTION

A cacophony of voices now characterizes discussions of administrative reform in Central and Eastern Europe. Indeed, if we place present-day strategies of administrative reform head-to-head, they will form a nearly perfect circle that has no center or compass.

Part of the problem is that notions of administrative reform in the European Union seem to boil down to the dictum: *Transpose, harmonize, and implement regulations and directives of the Acquis Communitaire and you shall have achieved administrative reform.* We know, however, that this notion of administrative reform means as many things as there are countries in which the *Acquis* is approximated and harmonized. Moreover, the addition of qualifying recipes—for example, *be open or be transparent*—helps little to correct the confusion surrounding *Aquis*-based notions of administrative reform.

The authors of this paper, although we attempt to be coherent when we discuss the New Public Management (NPM), have been unwitting accomplices to this cacophony. When we began this paper, one of us was largely favorable to NPM, while the other was inclined to dismiss it. As we proceeded with our research and writing, we discovered that we could not proceed to resolve our own disagreements without an integrative framework that allowed us to ask the same questions of NPM proponents and critics. We also are reflective practitioners and recognize that, even if such a framework
could be established, the utility of implementing many of its strategies would not necessarily be realized or perhaps even desirable.

This common framework is that of critical social theory as developed by the Frankfurt School, as chronicled by Martin Jay in *The Dialectical Imagination: A History of the Frankfurt School and the Institute of Social Research, 1923-1950* (1973), in the main works of Jurgen Habermas (1970, 1971, 1973, 1975, 1984, 1987, 1996), and by several American and European writers who have previously applied critical social theory to issues of public administration and policy (e.g., Denhardt 1981; Dunn and Fozouni, 1976; Fischer and Forester, 1993; Healey, 1993).

In the first section, we offer a broadly accepted definition of NPM, one that eliminates some of the cacophony. We also present an equivalent definition of European Public Management (EPM). We then argue, in section two, that critical social theory, which is one of the most generally applicable positive critiques of bureaucracy, the state, and public administration available, contains arguably universal principles which may be suitably applied to NPM. In the last section, we proceed from these broad principles to specific strategies that permit us to shape an action plan for a critical theory of NPM. The result is a move from broad principles to specific practices that constitute the hoped-for product of this paper—a *critical theory* of NPM.

**DEFINING NPM AND EPM**

Let us start by offering a working definition of NPM. For purposes of this paper, the NPM is defined as a set of operating principles captured by Osborne and Gaebler in
Reinventing Government (1991). Unfortunately, these operating principles were not necessarily generated and abstracted from well-defined theory, but as practical solutions to the operational problems confronting governments. In fact, they were generated as remedies for a broken system of government. Primarily governmental institutions were seen as undemocratic, unresponsive, inefficient, and failing in most other measures of what constitutes an effective organization. In addition, one of its remedies, the outsourcing of public services as a means to efficiency, has generated continuing debates that involve passionate proponents and critics alike. Indeed, this debate has clouded, as we will argue, the deeper theoretical roots of the new public management. These roots are based on rich and primarily European notions of the relationship of the individual to society.

Osborne and Gaebler (1991) identified ten principles that represent an operational definition of NPM. The first is that a government has a responsibility to "steer" the delivery of public services in the addressing of public issues. As such, it reflects a notion that government does not necessarily have to be doing something in order to be responsible for the delivery of that public service. The second principle is that government ought to be "community-owned" and that the role of government is to empower citizens and communities to exercise self-governance. This notion stands in contrast to the notion that citizens are merely recipients of public services and do not have to be actively engaged in the process of deciding what those services would look like. Indeed, the citizen simply needs to know they were receiving the same service as that delivered to other citizens or recipients such that no preferential treatment is being
shown.

A third principle involves the role of competition. Competition is seen as inherently good such that, through competition, the best ideas and most efficient delivery of services can emerge. Competition can drive the newly empowered citizens and recipients to create new and better ways of providing public goods to themselves and their fellow citizens. Sometimes competition means that various public and private firms were competing to procure the rights to deliver a public service. It also means that departments within a government have to compete for limited public resources, that communities have to compete with each other to offer fresh and original ideas, and employees have to compete with each other in the delivery of the services for which they are responsible.

A fourth principle is based on the notion that governments should be driven by their missions. Far too often, the results of governmental operations were the enforcement of rules that may or may not have been relevant to the particular cases. It should be the purposes for which agencies are created that drive the activities of that agency, not the rules that have been constructed around that agency. A companion principle is that public agencies should be judged on the results that they generate. Organizational processes like the budget cycle should be directed assessing the cost and benefits of the outputs of the units and not on the allocation of inputs (staff, space, resources) between those units.

The sixth principle relates to viewing citizens and consumers of public goods as customers. The notion of customer is predicated on the value of choice. Customers
ought to have a right to choose between competing and differentiated approaches that could be taken to deliver any particular public good.

A seventh principle is based on the notion that agencies (bureaucracies) “earn” their allocation of resources by demonstrating the value in terms of the public good that will be generated by the “investment” that elected officials would make in a particular agency. This perspective has the units in an agency competing with each other by “selling” to the elected officials a greater public good than that offered by the other agencies.

The eighth principle relates to the desirability of orienting public agencies toward preventing rather than curing public problems. Although this particular principle has been seen as a critique of bureaucracy is general, it is not our intention to argue that anticipatory organizations are inherently related to NPM. We have included it here for completeness.

The ninth principle is about maximizing the participation of the broadest possible number of people and institutions in the decision-making process. In this sense, it is anti-hierarchy and anti-bureaucratic. It is also anti-uniformity in that the way a particular public service is delivered is a function of the local community of participants who decide how that service will be delivered.

The tenth principle relates to leveraging market forces and utilizing market based strategies in the delivery of public goods. It presumes that there is no one way to deliver a public good and a wide variety of delivery mechanisms are possible.

These ten principles were translated into an implementation plan (Osborne and
Plastrik, 2000) that has five key elements that are of particular importance to this paper. These elements constitute the “action plan” for a successful organization. The elements are:

- **Core.** Create clarity of aim (*core*) that allows the organization to focus on the key items that will achieve its ends.

- **Consequences.** Connect *consequences* to the actions of organizations, individuals, and collectives so that those actions have meaning and impact on the public.

- **Customer.** Focus on the *customer* in order to recognize that the purpose of public service is the delivery of a public good to human beings.

- **Control.** Shift *control* from the top or center in order to empower individuals, organizations and communities to address public problems.

- **Culture.** Change the organizational *culture* of public agencies by “changing the habits, touching the hearts, and winning the minds” of public employees.

The core element in this action plan is the focusing of the activities of a public organization on those that will best help to achieve the desired outcomes of that organization. The phrase "clarity of aim" is used to connote the efforts that that organization must go through to communicate to affected stakeholders, employees, and the public it's vision, mission, strategic goals, outcomes, and relevance. The openness of communication and the transparency of the organization in serving its public purpose are essential to serve this end. The tools to accomplish this task include strategic management, performance budget systems, and policy analysis/program evaluation as feedback mechanisms. Using the lexicon of the new public management, the desired outcome is for elected officials to be "steering" the organization, not "rowing." It also
challenges the notion of a traditional hierarchical organizational chart where the pyramid places the managers at the top and the workers at the bottom. It turns that pyramid upside down and recognizes that the workers (the ones who actually deliver the public good) are the most important members of the organization and should, therefore, be at the top. The role of management is to support the new top of the organization.

The connecting of consequences to our actions seems overly obvious. But, on reflection, it is not necessarily the way governments and bureaucracies have operated. Individuals, bureaucracies, collectives, and communities that take actions should do so anticipating that there will be results (consequences) associated with their actions. It is desirable that all actions taken have positive consequences and we would certainly want to pursue public policies that would generate a whole lot of positive consequences. If the actions of any of the above actors had no consequences, we would ask activities were undertaken in the first place. If there were negative consequences, we would ask those that generated those consequences to be held accountable for those consequences. Public activities can be assessed for the consequences they create and the actors either individually or collectively, should be acknowledged when they create and produce positive consequences and penalized with they create negative consequences.

As previously mentioned, the term “customer” is one that does not “roll off the tongue” easily when referencing public goods. Customers, after all, buy hamburgers and shoes, not affordable housing and public safety. Or do they? We acknowledge that being a customer implies several elements. The first is choice, to decide whether to engage with whom and if, at all. The second is equality of condition in the sense that the
customer is neither superior nor subordinate to the individual, collective, community or bureaucracy. Knowledge, interest, power may be asymmetrical, but the fundamental right of the citizen-customer to participate is a choice of that customer.

Shifting control way the top and center has the affect of empowering organizations, employees and communities to engage in the deciding of the things that governments do and the outcomes that they achieve. The act of empowering requires participation of all parties and open and free communications to allow for the various parties to do that which they are called upon to do. Empowering organizations allows the parts of that organization that are best able to implement desired organizational outcomes to do so. Empowering employees allows front-line governmental workers to use organizational resources to achieve results. Empowering communities creates power-sharing between the government and affected communities and shifts control from bureaucracies to those communities.

The culture strategy is about creating a bonded relationship between the bureaucracy’s employees and the agency. The desire is to create a feeling within the organization that its employee’s higher order psychological needs for self-actualization can be met as the employee engages in the activities of the agency as an active participant in the designing and implementing of the good consequences that should be the outputs of any public agency. This requires the organization to “touch the hearts” and “win the minds” of its employees.

Let us contrast these operating principles with an equivalent set from Europe (OECD, 1999; Rutgers and Schreurs, 2000). The European notion of public
administration (EPM) has four key elements. Because the design of national public sectors is left to each state to define, principles that capture all of the European union and accession states must be broad, a situation not unlike that of states in the US. That said, the first principle is that of reliability and predictability that serves to eliminate arbitrariness in the delivery of public services. Operationalized, this principle means governments operate within rules of law, with legal competency, exercise appropriate administrative discretion and procedural fairness, organize to ensure proportionality, and commit to professionalism and professional integrity.

A second principle relates to openness and transparency such that the organization’s activities can be open and available for scrutiny and supervision. This openness is not a participatory objective, but rather, a command and control function such that the organization can be observed. The third principle is that of accountability defined as “answerable for its actions to other administrative, legislative, or judicial authorities” (Rutgers and Schreurs, 2000; 624). The fourth principle relates to the outputs of public administration. These outputs should be efficient (the ratio of costs to benefits) and effective (achieve the goals set forth by law and government).

A cursory review of these principles reveals a stark absence of the participatory and empowering principles in the new public management. Perhaps one explanation rests with the discomfort European scholars have with the notion of utility maximizing, self-interested actors presumed in NPM. Indeed, those actors are often characterized as merely “governed by price and incentive” (Olsen, 2004). Citing John Gaus, Olsen continues:
Citizens need help. Direct participation by the people in administrative processes contributes to government for the people but only under some conditions…. They need institutions and agents that act reliably and with competence and integrity on the basis of agreed-upon, publicly known and fairly stable principles and rules, standards and objectives.

We do not want to oversimplify European research on these matters. Now, as in the past, there is a rich body of literature on participation that is culturally and intellectually differentiated, with diverse variants of administrative theory and practice including worker and citizen participation in Germany and the Netherlands, workers’ control in Sweden and the former Yugoslavia, sophisticated studies of bureaucratic organization broadly accepted in the United States (e.g., Michel Crozier), and probing and influential critiques of bureaucracy (e.g., Bruno Rizzi). Finally, Weber, in his later writings was ambivalent about legal-rational bureaucracy; he is also an originator of the hermeneutic-interpretive tradition, at least insofar as the process of verstehen (interpretive understanding) is concerned. Weber also wrote about many forms of bureaucracy, not one, so that the notion of a single, uncritical “Weberian” perspective of bureaucracy is an oversimplification.

THE FOUNDATIONS OF CRITICAL THEORY

Given this richness, let us try to place NPM within the tradition of European social, political, and administrative theory. As previously mentioned, fertile exploratory ground exists within the framework of the “critical theory” of the Frankfurt School, particularly the ideas of Max Horkheimer, Theodore Adorno, Jurgen Habermas, and their followers in Europe, America, and the world. We are aware of the many critiques of
critical theory, but given the constraints of this paper, we will not address these critiques unless they are clearly important to our aims.

Placing NPM within the European tradition of critical social theory has the potential to provide NPM with a philosophical and ethical foundation that clarifies and critiques its status as an ostensibly general solution to problems of administrative reform. This permits a systematic critical assessment of NPM’s strengths, weaknesses, and possibilities within the tradition of European public administration. We believe that much of this European tradition, like much of its American counterpart, continues to represent a highly developed form of instrumental rationality and bureaucratic government. Although NPM has no explicit philosophical, ethical, or empirical foundation, such a foundation may be established by learning from critical social theory and the problems it was designed to address.

Critical theory was centrally concerned with the same problem as NPM—namely, the problem of bureaucracy and the bureaucratization of state and society. The originator of the tradition of discourse and writing on bureaucracy, Max Weber, argued that bureaucracy was the perfect embodiment of instrumental rationality. In Weber’s words:

The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization….Precision, speed, unambiguity, knowledge of files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs—these are raised to the optimum point…. “ (Weber 1926, in Gerth and Mills, 1946, p. 214).

Thus described, bureaucracy is the main point of departure for Habermas in many
of his works. In *Toward a Rational Society* (1970), he presents a frontal attack on bureaucracy in his critique of the domination of public life by instrumental rationality. Although instrumental rationality has achieved its most developed form in the modern period, its origins lie in the universal drive towards the domination of human and material nature (Leiss 1972). In the modern period, science, technology, and professional expertise take on this role, so that the task in today’s society is to recognize that science and technology—including “social technologies” such as public administration and policy analysis—represent the domination of instrumental rationality, especially in the public sphere.

Instrumental rationality represents but one form of rational inquiry and problem solving. There are two others, one based on the hermeneutic (interpretive) tradition established by Vico, Weber, and Gadamer; the other based on a more general critical (emancipatory) tradition of ethical and moral thought in Europe and North America. In this context, there are three interdependent interests which underlie and guide three different types of rationality:

- *Instrumental Rationality*. This form of reasoning guides the empirical-analytic sciences and social and management technologies, including public administration and policy analysis and the latter’s embodiment in Regulatory Impact Assessment (RIA) within the European Union. The primary interest underlying instrumental rationality is the control of human and material nature.

- *Hermeneutic (Interpretive) Rationality*. This form of reasoning guides the interpretation of written texts (originally Biblical texts) and, more importantly, texts in the form of subjectively meaningful human actions. The “hermeneutic sciences” include a range of qualitative methodologies such as phenomenology, ethnomethodology and, in a specific sense, the *verstehende sociologie* of Weber and successors. The primary interest underlying hermeneutic rationality is understanding the language and
purposive actions of individuals and groups, so as to reduce or eliminate the distorted communication created by the sciences, social technologies, and expert professions.

- **Critical (Emancipatory) Rationality.** This form of reasoning guides the process of achieving freedom from distorted communication, freedom from reified concepts (e.g., “customer”) created by the professions and sciences, freedom from false beliefs that political and economic institutions (e.g., markets) are “natural” entities governed by immutable laws (e.g., “privatization produces efficiency”), from political and bureaucratic domination (e.g., the alienation of civil servants in command-and-control ministries), and many other constraints on freedom of choice and the creative acts of individuals, groups, and organizations. The primary interest underlying critical rationality is the emancipation of individuals and groups through critical self-reflection and the creation of new institutions, norms, values, and goals through moral discourse and ethical reflection.

These three interdependent aspects of critical theory may be understood in terms of the analogy (it is only an analogy) of the “psychoanalytic encounter” (see Habermas 1971, Ch. 10). The analyst brings to his patient a reflective science, in this case, Freudian psychoanalysis, although it should be stressed that reflective science is also embodied in a large number of self-reflective problem-solving tools used to structure problems of management, policy, and planning (see, e.g., Healey 1993; and Dunn 2004). The procedures and techniques of reflective science are brought to bear on the problems of analysands (citizens, clients, customers, co-workers) by, first of all, understanding their language and interpretations, so as to achieve undistorted communication between the analyst, on one hand, and the analysand on the other.

Understanding is not enough. It could result in further domination and control by developing more effective mass communications, advertising, marketing, and propaganda. Thus, the analysand can achieve emancipation only through critical self-
reflection and creative changes in behavior, which the analyst steers but does not dictate. The point of the analogy of the “psychoanalytic encounter” is to show the interdependencies among technical, hermeneutic, and emancipatory interests. Authentic emancipation depends on all three types of rationality.

Critical theory is clearly different from the traditional scientific and legal theory of public administration in the United States and Europe. Traditional theory in the European context, for example, is characterized almost entirely by instrumental rationality. Even advocates of NPM are guided by instrumental rationality, where strategies and recipes for improvement are seen as instruments to achieve economic and financial gains through down-sizing (so-called “right-sizing”), tax reduction programs, and privatization programs designed to achieve new efficiencies. Although democracy and power sharing are also values, it is not always clear whether these are ends, or means to efficiency improvement—that is, another form of instrumental rationality. For example, as Carole Pateman (1973) has documented so well, agency and community participation are often seen as instruments for overcoming resistance to change and facilitating implementation.

APPLYING CRITICAL THEORY TO NPM

In the first section of this paper we presented the various interrelated principles and strategies of NPM. Notably, the strategies begin with Cs--Core, Consequences, Customer, Control, and Culture. In this concluding section, we add to each of these C-
Strategies a corresponding amendment drawn from critical theory. In this way we seek to integrate NPM and critical theory as part of an action plan for administrative reform.

*The Core Strategy: Critical Discourse Amendment.* The core strategy of NPM is designed to help public systems clarify their fundamental purposes, eliminate functions that do not serve those purposes, and organize programs and policies so that organizations and communities are free to create their own defined visions, missions, and goals, all of which contribute to the system’s overall purpose. This core strategy needs to be amended so that public discourse about purposes—both “instrumental” (means) and “consummatory” (ends)—form part of open, critical discussion and debate among politicians, managers, employees, and members of communities. “Value-critical” discourse (Dunn 2004, Ch. 10: Ethics and Values in Policy Analysis) focuses on ends as well as means, so that the exclusive focus on means does not revert simply to another and perhaps more advanced form of instrumental rationality, which is the *essential feature of all bureaucracies.*

To be sure, ends justify the means. But ends themselves must be justified. Among those ends are justice, equity, liberty, fairness, and procedural predictability, none of which serve the ends of economic efficiency, per se, because they are often ends in themselves. Regrettably, for many advocates of NPM in the United States and the United Kingdom economic efficiency in its various forms (employee productivity, budgetary discipline, optimal staffing) is the main justification of NPM interventions such as privatization, contracting out, and new personnel appraisal systems. Frequently, even discussions of employee and citizen participation, which at first glance seem to be
associated with democratic governance, reduce to purely instrumental arguments about the effects of participation in enabling or constraining productivity. This is pure instrumental rationality, with no consideration of other public ends. As Deborah Stone has shown, it represents the confinement of public discourse to the uncritical discussion of values associated with the “market,” ignoring those of the “polis” (Stone 2002).

_The Customer Strategy: The Reflexivity Amendment._ Although terms such as “customer” point to the non-coercively empowered citizen as one who should make choices on the basis of the quality of services and products, this and other terms (another is “twinning”) are and should be the subject of critical self-reflection. A reflexive strategy not only examines the special conditions under which such terms arise (e.g., customer is a creation of late 20th-century “marketized” societies), but also looks at the changes in behavior that result when information about an individual’s or agency’s behavior are made available—they change their behavior in unanticipated negative (and positive) ways. Police departments, when their annual budgets are being made, make more arrests, but these arrests later fail because they are “false” arrests. When new student achievement tests are used to provide increases or decreases in teacher pay, teachers “teach to the test” and partly invalidate the test. This reflexive property of human behavior is so widespread and important that it has been elevated, through the phrase “reactive measures”—to a major principle of the social and behavioral sciences (Campbell, D.T. et al., _Unobtrusive Measures: Non-Reactive Research in the Social Sciences_, 1966). When students and their families in state-funded schools are labeled “customers,” evaluations of teachers (and professors) naturally focus on _customer_
satisfaction, which sometimes has nothing to do with education or knowledge.

“Customer” can imply that people are simple commodities in the language of instrumental rationality. “Customer” in a critical theory perspective can also imply that individuals can and must act in world governed by non-coercive discourse. To have free choice is the ultimate act of non-coercion. Whether we, as individuals, act as utility maximizing self-interest ones or altruistic community oriented ones is theoretically immaterial to the point that non-coercive choice is an inherently necessary condition for other forms of rationality contemplated by critical theory. In general, it is the essence of the rejection of the commoditized notion of customer that can be a foundation of NPM.

The Control Strategy: The Emancipation Amendment. Managerial and employee titles, along with their roles and institutions, are not “natural” entities. The problem, as Horkheimer put it (1982: p. 199), is that these days “the whole perceptible world of administration is seen as simply factual; it is there and must be accepted.” In addition, often there is an “illusory coherence” believed to characterize agencies and ministries. The “naturalization” and “reification” of roles, positions, and institutions—including the “market,” “socialism,” and “capitalism”—need to be the subject of critique and public discourse in order to achieve authentic power sharing.

Empowerment of organizations, employees and communities is an act of decentralization and an abandonment of exclusive reliance on instrumental rationality and its focus on technical control. The center and the bureaucracy need to relinquish traditional forms of command and control. In the process, it opens the avenues for other forms of rationality for communities to reach their decisions and for those communities
to reach a non-coercive consensus with the center.

*The Consequences Strategy: The Hermeneutic Amendment.* Incentives and disincentives mean something different to different people. It is fatuous to believe that incentives have the same meaning and consequences everywhere; that individual managers and employees are “copies” of one another. Hermeneutics and the “sciences of interpretation” are vital aids to NPM.

*The Culture Strategy: The Communicative Competence Amendment.* A “holy grail” of human relations approaches has been to wed the needs of the organization with the needs of the individuals who constitute that organization. Habermas’ notion of ideal speech is one in which a symmetry or equality of power among participants is created that prevents communicative distortion brought about by domination. To win the hearts and minds of employees by making them empowered decision-makers is a form of equality that may well be an early form of non-coercive discourse that integrates the needs of the organization and the needs of the individual in a way that serves both well.

CONCLUDING THOUGHTS

Critical theory demands that a free and open society have maximum, if not total, participation in the public sphere. Given the domination of purposive-rational action in today's societies, discourse in the public sphere has been more narrowly confined to instrumental rationality. As such, open discourse about the normative agenda of society excludes the type of communication that critical theorists believe are necessary to emancipate the individual. The new public management, perhaps unwittingly, seems to
require the notion of interpretive or practical reason that lies at the core of critical theory. For this reason, among others, NPM represents a decision-making system that is a rejection of pure instrumental rationality.

Finally, we will be the first to admit that this essay is more theoretical than practical. Whether the NPM makes operational sense, given the economic, political, and ethnic inequalities of most of the planet, is another question for another day. What is of importance is that insight can be gained from recognizing that some of the attack on NPM is unwittingly an attack on the practicality of critical theory. For what lies at the heart of the debate is the inability of advocates and critics alike to see that the issue is really about the nature and meaning of non-coercive discourse.

REFERENCES


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