Policy change in public sector reforms in comparative perspective.

Between convergence and divergence

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Since the 1980s major policy changes in public sector reforms have occurred throughout the OECD countries – with a considerable cross-country variance in the timing, scope and focus of such reforms. In dealing with this development in a comparative perspective, the article will proceed in three steps.

First, nutshell profiles of the development and current state of public sector reform in a number of key OECD countries will be sketched in order to identify the degree of institutional variance among them. Then, after submitting a hypothetical explanatory scheme and in analytically singling out some crucial dimensions of public sector reform policies, the attempt will be made to ‘explain’ these dimensions of variance. Finally, the question will be taken up as to whether the countries’ trajectories show convergence or divergence.

1. Variance of public sector reforms

1.1. Distinction between ‘traditional’ and NPM-guided reforms

At the outset, a distinction should be made between ‘traditional’ reforms and reforms explicitly inspired and guided by ‘New Public Management’ (NPM).

Traditional reforms originated in earlier reform periods, particularly during the 1960s and 1970s. Reflecting the zeitgeist of that period, they were conceptually geared to the
idea of strengthening the political and administrative structures of the advanced welfare state and often bore social-democratic handwriting. Typically, they were directed at the intergovernmental setting (by devolving political as well as administrative responsibilities on lower government levels), at ‘modernising’ the political and administrative capacities on all levels of government (by introducing planning, information and evaluation procedures), at enhancing the administrative capacity and efficiency of local level government (by local level territorial reform and amalgamation) and, not least, at enhancing citizen participation. Their primary frame of reference was the political/administrative system and the citizen in his/her political role. In the recent upsurge of public sector reforms such traditional reform concepts and components have been given a new push.

By contrast, *New Public Management* (NPM) is the offspring of a wider neo-liberal policy debate which is directed at dismantling the advanced (allegedly overgrown) welfare state and its public sector by reducing it to a ‘lean’, if not ‘minimal state’. Within this broader ideological and political grasp, an array of demands, concepts and recipes have been formulated, first in the U.K. and in New Zealand, for which the label ‘New Public Management’ (NPM) has attained wide currency (see Hood 1991). Far from forming a theoretically consistent body of ideas and concepts, NPM can rather be likened to ‘shopping basket’ (Pollitt 1995: 5) of (in part contradictory) concepts (see Aucoin 1990). On the one hand, NPM draws on private sector-derived managerialism (‘let managers manage’) which tends to devolve responsibilities and resources within administrative units, thus promoting autonomous processes with decentralising, if not centrifugal tendencies. On the other hand, NPM borrows from institutional economics and its suspicion of innate disposition of (private as well as public) bureaucracies to expand in size and spending; remedy to this is seen in
strengthening external political control with centralising implications. Furthermore, the creation of markets and quasi-markets, primarily through competition, is writ large. The common frame of reference in NPM thinking is essentially the private sector and market competition, with the citizen envisaged largely in a “client’/‘consumer’ role.

In taking internationally comparative view the paper will select a sample of countries which, on the one hand, includes some of the ‘usual suspects’ addressed in such debate, to wit, Great Britain, New Zealand, the USA and also Sweden. On the other hand, also France and Germany shall be dealt with as two less discussed Continental European cases. The empirical information for this discussion will be mainly gathered from the comparative monograph by Christopher Pollitt and Geert Bouckaert (Pollitt/Bouckaert 2000) as well as from articles in the edited books Christensen/Lagreid 2001 and Wollmann 2003a.

1.2. The policy changes in public sector reforms in comparative perspective

In order to identify and to ‘categorise’ the variance in policy changes and modernisation trajectories between the countries under consideration here, we shall follow a typology that has been proposed in Pollitt/Bouckaert 2000 and in which the distinction is made between maintaining, modernising and marketising/minimising profiles of modernisation trajectories. While a maintaining country can be seen as largely retaining its existing political and administrative structures, the modernising type exhibits significant changes without abandoning essential features its traditional structures. The marketising/minimising type can be seen as substantively remoulding the existing administrative structures in the pursuit of NPM modernisation.
NPM-guided reforms have, no doubt, been pushed furthest in the U.K. since the early 1980s. A wave of privatisation of state-owned companies (such as British Telecom) was followed by the creation of (‘Next Steps’) central agencies (designed to decentralise hitherto Whitehall-centred administrative functions), by marketisation (‘compulsory competitive tendering’), by ensuing ‘outsourcing’ (and ‘quangoisation’) of service provision and by the introduction of performance management and measurement (recently, under the Blair government, by establishing a ‘best value’ regime) (Pollitt/Bouckart 2000: 273 ff.). In sum, these NPM-guided reform measures can be brought, in accordance with Pollitt/Bouckaert, under the marketising category. In view of its “agencification” and widespread performance management regime New Zealand (see Halligan 2003), where NPM is said to have had “its true start” (Kettl 2000: 8), can also be given the marketising tag.

In the USA, on the federal level, the modernisation debate and some practical measures have centred around introducing managerialist tools and performance management in federal agencies (see Christensen et al. 2003). Hence, the USA may be rated as (managerialist) modernising.

Sweden has experienced a duality of changes, as during the 1980s steps were taken in the pursuit of traditional reforms to further decentralising (devolving) state functions to the local authorities and to enlarge their autonomy. At the same time, NPM-guided reform measures were embarked upon by introducing performance management in the (traditional) central agencies, purchaser-provider split concepts for health care provision at the county level and market-testing of social services at the local level (see Pollitt/Bouckaert 2000: 264 ff.). Thus, Sweden can be ranked as an (advanced) moderniser.
France has also seen a duality of changes. In the early 1980s the central government made its historic move to decentralise the country’s centralist (‘Napoleonic’) structure. Since the late 1980s the French governments, both Socialist and conservative, have pushed managerialist concepts to make its (traditionally legalist and hierarchical) public administration more flexible. In sum, France can be rated to be also an (advanced) moderniser.

Germany conspicuously abstained from NPM-inspired reforms well unto the late 1980s. When in the early 1990s NPM concepts were finally turned to, typically at first by the local authorities, managerialist concepts addressing the rigidity of (traditionally legalist and hierarchical) public administration have been in the fore, with the local government level taking an early lead. Hence, Germany has exhibited a between maintaining and increasingly modernising profile.

2. Explaining variance

2.1. Conceptual framework

Without going into a more detailed conceptual discussion at this point (see Wollmann 2003b for further references, particularly on ‘neo-institutionalism’ see Peters 1995), in our subsequent argument the following ‘explanatory’ factors will be taken into consideration.

- The socio-economic and budgetary situation and context which sways upon the decision-making
• The starting conditions (in terms of the state of the public sector and of public administration) in view of which the decision-making takes places.

• The institutional and cultural traditions which may impinge upon the decision-making (which is highlighted by historical institutionalism).

• The institutional setting (such as unitary or federal government structure) within which decision-making takes place.

• The relevant political actors and actor constellations that determine decision-making (which is emphasised by actor-centred institutionalism).

• The (professional, academic etc.) discourses and discourse communities, including the international discourse, which may influence decision-making.

In the following some crucial dimensions of the decision-making and implementation of public sector reforms will be singled out and ‘causal interpretations’ will be tried out.

2.1. The ‘take off’ decision on public sector reforms

The take-off decision to embark upon (large-scale) public sector reforms has in most cases been triggered by an economic and budgetary crisis which led or even compelled the political decision-makers, regardless of political party complexion, to seek remedy in (far-ranging) public sector reforms, largely of the NPM persuasion. In most cases the adoption of public sector reforms went hand in hand with a broader neo-liberal re-orientation of the welfare state and economic policies.

The most conspicuous example of the overpowering influence of the budgetary situation on the government’s decision to turn to neo-liberal economic policies and, at
the same time, to NPM-guided public sector reforms can be inspected in New Zealand. It was the Labour Party that, having won the election of 1984 over the conservative National Party largely on a pro-'old' welfare state campaign, shifted, in view of a desperate budgetary situation, (literally over night) to neo-liberal economic policies, including stringent public sector reforms.

Another revealing example can be seen in the French socialists in the early 1980s. They had hardly decided, in 1981, to start a massive programme of nationalising key industries (in the pursuit of 'old' socialist ideas), when they, not later than 1983, under the impression of the international economic environment, performed a dramatic policy change and began a neo-liberal re-orientation (see Schmidt 2000: 294). In the late 1980s the Socialist Prime Minister Rocard introduced the first NPM-guided public sector reform program (see Postif 1996: 215).

In Sweden, it was under the impression of an economic and budgetary crisis that the Social Democrats, returning to power in 1982, embarked upon significant neo-liberal modifications of the famed Swedish Welfare State and upon administrative reforms.

German makes for another striking case. After the country had stayed conspicuously aloof from the NPM-guided public sector reforms, it was the ever worsening budgetary situation, in the wake of the mounting costs of Unification, that finally broke the ground for the adoption of NPM-oriented public sector reforms.

The USA are a kind of deviant case in that on the federal government level managerialist reforms have been propagated, while (and although) the country found itself in a relatively comfortable economic and budgetary situation. In this case the development may be explained by the typical personal involvement of recent
presidents in federal government reforms (as an ‘actor-centred’ factor) as well as by the country’s manageralist tradition (as a ‘cultural tradition’ factor).

2.2. Conceptual scope and instrument mix of public sector reforms

The conceptual scope and mix of public sector reforms is significantly determined by the country-specific starting conditions and the modernisation needs (or ‘leads’) which follow from them (for a conceptual emphasis on country-specific starting conditions see Wright 1994)

In the U.K. the public sector was characterised, in the late 1970s, by a wide scope of state-owned (nationalised) companies, by a high degree of governmental and administrative centralisation (at the Whitehall level in the traditional absence of an administrative meso level) and by a quasi-monopoly of the public sector in the delivery of health and social services. On this background it was plausible, if not compelling that the new Public Management concepts called for the devolution of central government functions to the newly created (‘Next Steps’) agencies as well as for the market-testing and ‘outsourcing’ of services hitherto entirely delivered by public sector personnel proper. The same applies to New Zealand (whose extreme degree of administrative centrality is mirrored in almost 90 percent of public sector personnel being employed by central government).

Sweden’s starting conditions, towards the end of the 1970s, were characterised by a high degree of decentralisation – with the time-honoured largely autonomously operating central agencies carrying out most of the administrative State functions and with the local authorities traditionally playing a politically as well as functionally strong role. The health and social services have traditionally been delivered almost entirely by county respectively municipal personnel. Vis-à-vis these starting
conditions reform measures have been pursued, since the 1980s, on two tracks. On the other hand, linking up with and stepping up the country’s decentralisation tradition, further public functions were devolved to the local authorities and their autonomy was enlarged (through the Local Government Act of 1991). On the other hand, in reaction to the quasi-monopoly of public delivery, NPM-derived concepts have been introduced (purchaser-provider split in health delivery on the county level and market-testing, vouchers etc in the municipalities (see Montin 2000).

France was, in the late 1970s, marked by her traditional unitary and (‘Napoleonic’) centralist government structure as well as by a legalist hierarchical administrative model. In view of these starting conditions particularly two tracks of reforms ensued. Since the 1980s legislation and measures to decentralise and deconcentrate political and administrative functions have been effected in order to overcome the country’s high degree of centralisation. Since the late 1980s NPM-guided managerialist reforms have been pushed by socialist as well as conservative governments for remedying the inflexibility the traditional administrative structures.

In Germany, too, the starting conditions significantly account for the course and focus of administrative modernisation. In the German federal system federal legislation and policies are almost entirely implemented by the Länder (and, within the Länder, by the local authorities). In this one might detect a form of (in NPM jargon) ‘agencification’. Primary health care has since long been provided by private medical doctors with the would-be patient having free choice among them (by means of a kind of insurance-based voucher system). Hospitals have been operated by a plurality of institutions (churches, red cross, municipalities etc.). Furthermore, the majority of the social services (kindergartens, homes for the elderly etc.) have, under the so called subsidiarity principle, been provided by non-public, not-for-profit welfare
('charitable') organisations, historically affiliated with the churches and the labour movement. Thus, in the field of social services, the local authorities have traditionally focused on an, in current NPM parlance, ‘enabling’ function. Vis-à-vis these starting conditions it should not be surprising that little attention was in Germany given to key NPM concepts such as agencification and outsourcing of health and social services. When NPM finally made its entry unto the German modernisation debate, the interest was on managerialist concepts (in the so called New Steering Model) that seemed apt to instil more flexibility and cost-efficiency in the country’s traditionally legalist and hierarchical administrative world (see Wollmann 2000b, 2003b).

2.3. **Style of decision-making on public sector reforms**

The style of decision-making on public sector reforms in a country (e.g., ‘top down’ or ‘bottom up’, ‘wholesale’ or fragmented) significantly hinges on the institutional setting of the country (unitary or federal, majoritarian single party (‘Westminster’) government or multi-party coalition government etc.).

The U.K. epitomises the type of unitary state ‘Westminster’ decision-making in which policy changes on public sector reforms for the entire country can be decided by simple majority vote in Parliament and can be enforced ‘top down’. Similarly this applies to New Zealand.

By contrast, in federal countries the federal competence on public sector matters pertains, in principle, only to the federal level, while the other levels of government have to right to handle administrative reform matters on their own. Hence, for instance, in the US and in Germany the States respectively the Länder as well as the local government levels show a modernisation profile of their own. In fact, in
Germany the local government level was first, in the early 1990s, to set off a new wave of administrative reform.

In Sweden which is a unitary, but highly decentralised state, a mixed picture can be found. While, on the one hand, central government has, mostly through national legislation, regulated important questions of public sector reform, the local authorities, on the other hand, thanks to their traditional autonomy, have been self-standing actors in administrative reform matters.

2.4. Political range and premises of public sector reforms.

In the decision-making on the policy change and policy formulation in public sector reforms the political parties, first of all the government party play, of course, a crucial role.

Besides the political parties as collective actors, no doubt, powerful single actors have been crucial. The ‘Conservative revolution’ of 1979 in the U.K which also triggered the wave of ‘radical’ public sector reforms in the U.K. was, to a large extent, the work of Mrs. Thatcher’s single-handed leadership and of her personal neo-liberal beliefs. In New Zealand the most important single actor was the Labour Finance Minister Roger Douglas who masterminded the country’s (and Labour’s!) new neo-liberal economic policy (nicknamed, after his first name, ‘Rogernomics’, see Schmidt 2000: 247) as well as a far-reaching public sector reform (see Halligan 2003). In the USA recent presidents have been personally interested to become (politically, electorally, if not historically) identified with a particular reform idea and label (such as Johnson’s PPBS, Nixon’s MbO, Carter’s ZBB and Clinton’s REGO = “reinventing

### 2.4. Conceptual and theoretical profile of public sector reforms

The conceptual focus and theoretical underpinning of public sector reform can be significantly influenced by the *discourse* and the *discourse communities* and *coalitions* that have been involved in formulating, promoting and legitimating public sector reform concepts. by which such decision-making may be conceptually prepared, guided, accompanied, supported and/or legitimated (on discourse see Wittrock/Wagner/Wollmann 1991, Hall 1993, Schmidt 2000, Wollmann 2002, on ‘advocacy coalitions’ see Sabatier 1988).

For rendering the concept of discourse applicable to public sector reform policy a number of distinctions seem useful.

First, a distinction can be made between the political discourse and debate, on the one hand, and the professional as well as academic discourse on public sector reforms, on the other. Allowance made to overlapping, the former typically encompasses the political debate conducted within and by the political parties and political elites, but also in the media, while the professional/academic discourse can be identified with groups and individuals outside the political arena proper.

Second, within the professional/academic discourse arena, in turn, different (sub) communities and sub-groups can be distinguished which, being premised on different normative and conceptual assumptions and guided by different disciplinary, professional, but also financial interests, may struggle among each other for gaining and retaining the dominance (‘dominant opinion’) in the discourse.
Third, with regard to their possible access to and linkage with the political decision-making on public sector reforms, the discourse communities may be distinguished according to their location in that policy-close, administration-centred and 'at large' discourse communities may be discerned. While the policy-close variant may be characterised as being convened and dominated by political actors, in the administration-centred one administrative actors prevail. By contrast, the at large' variant embraces, on a voluntary, self-organised basis, academics, professionals, but interest representatives and consultants.

Fourth, last not least is the international discourse arena and its relations with the national discourse arena and communities. The national discourse arena may be influenced by the dominant international discourse and international organisations supporting it. Hence, the national discourse may be shaped by international and transnational policy learning (see Rose 1993, Dolowitz/ March 1996) and imitation (mimetic isomorphism, DiMaggio/Powell 1991). In fact, since the 1980s, the international discourse on public sector reform has been increasingly dominated by New Public Management and its wider neo-liberal policy implications. On the top of it, NPM has been adopted and propagated by influential international organisations, such as OECD, as the preferred, if not only path to public sector modernisation (see critically Naschold 1995: 69, Sahlin-Andersson 2001). The momentum of this international discourse and its implicit 'Anglosaxon-centricity' has been complemented by the hegemony of English as the lingua franca.

Turning to the analysis, cases of policy-close discourse communities can be found in the Anglo-Saxon countries. In the U.K., following 1979, Margret Thatcher made it a point to keep the Whitehall top civil servants ('mardarins') (whom she suspected of impeding reforms) as well as university-based academics (whom she also mistrusted)
out of the reform debate. Instead, she turned for advice to business leaders, such as Derek Rayner (whom she appointed to chair a commission mandated to ‘scrutinise’ central government administration) as well as to New Right think tanks (see Pollitt/Bouckaert 2000: 272 ff.). Similarly in New Zealand, the Finance Minister convened a policy-centred discourse coalition, consisting of top officials from the Treasury and of some handpicked neo-liberal university economists and constituting an almost ‘secretive elite’ (Halligan 2001: 85). As a result, New Zealand’s NPM policy received a more pronouncedly theoretical imprint and wording (rational choice, principal/agent theory etc.) than in any other country.

In the USA where recent presidents tended to resume personal leadership in federal level administrative reform matters, President Reagan, in pursuit of this goal to “downsize (federal) government”, typically appointed a prominent businessman to chair a commission (‘Grace Commission’) mandated to have the federal government operations checked, surveyed and reported on by private sector economists (see Pollitt/Bouckaert 2000: 81). At the same time, New Right think tanks were invited to advise the president. The Democratic President Bill Clinton (and his Vice-President Alan Gore), too, turned primarily to private business advice on public sector reform.

In proclaiming to “re-invent government’ the Clinton Administration explicitly borrowed the title of Osborne/ Gaebler’s 1992 best-seller and envisioned “business-like government: lessons learned from America’s best companies’ (Gore 1997). What, in its on the private business model and private sector advice, might, at first sight, be not exactly expected of a Democratic President, was in reality a shrewdly calculated political and electoral move to occupy, if not ‘steal’ a traditionally Republican theme and discourse community (see Rockman 2002).
France offers the example of an administration-centred discourse and discourse coalition which essentially consists of top civil servants belonging to the administrative elites (*grands corps*) (see Pollitt/Bouckaert 2000: 54). An important discourse arena was provided by the Association Services Publics which is a political club where top officials of the *grands corps* and academics meet to discuss administrative reform issues (see Clark 1998: 104). The shift, in the course of the 1980s, from traditional neo-Keynesian *dirigisme* to neo-liberal policy options was largely engineered from within the Finance Ministry (see Jobert/Theret 1994). The ‘intra-elite’ transfer of ideas has been supported by the cognitive and normative homogeneity which unites the members of the *grands corps* holding leading position in politics, administration and economy.

Sweden can be seen as traditionally epitomising a broad (‘at large’) discourse on policy reforms which is characterised, amidst the country’s time-honoured ‘freedom of information’, by a steady flow of governmental study reports (*SOU*) and by the practice to set up commissions (*remiss*), consisting of governmental officials, interest group representatives, and academics, whenever a new legislative proposal comes up (see Vedung 1997). On the issues of public sector reforms three discourse communities have been distinguished (see Premfors 1998): the *decentralists* who, calling for further decentralisation of the country, are made up of representatives of local authorities, of political scientists and the responsible ministry; the *traditionists* who, advocating cautious adaptations, can be found in the public sector trade-unions and the social ministry; and the *economists* who, in advocating far-reaching neo-liberal and NPM-related reforms, are made up of the conservative and liberal parties, the business sector and the Finance Ministry. At different phases different discourse communities prevailed. The reforms of the 1980s (ushering in a further functional
strengthening of the local authorities) bore the handwriting of the decentralizedists. During the 1990s, the application of NPM-derived concepts (performance management, purchase/provider split, market-testing etc.) has progressed which, besides the neo-liberal re-orientation of the social democrats, can be attributed to the close ties which Sweden’s pertinent discourse communities, not least thanks to the in Sweden widespread knowledge of English, entertained with the international (primarily Anglophone) debate, particularly with practitioners and academics in Great Britain regarding NPM concepts and practice.

Germany’s story is about a conspicuous shift in the modernisation discourse (see Wollmann 2000b). Well unto the late 1980s, that discourse was dominated by traditional modernizers who, consisting of administrative practitioners, administrative lawyers and (marginally) social scientists, favoured continuous reformist adaptation within the accepted model of public administration. On the local level a crucial role was played by KGSt, a municipally funded independent non-profit agency which, in advising the local authorities in organisational matters since 1949, had over the years advocated the traditional (‘Max Weberian’) model of legal rule-bound hierarchical public administration. In doing so, KGSt lent legitimacy to the traditional administrative model which contributed to shielding the German debate from the international NPM discourse. In the early 1990s this discourse constellation changed dramatically. First, KGSt made a radical strategy shift. In all of a sudden severely criticising the traditional administrative model of (local) administration, KGSt put forward a ‘New Steering Model’ which heavily drew on New Public Management concepts, particularly on a variant that had been put in place in the Dutch city of Tilburg. Based on the prestige and credibility which KGSt had acquired, over the
years, in the modernisation discourse, its strategy shift has been crucial in opening the German discourse arena to the international NPM debate. Another single event that was decisive in shattering and de-legitimating the traditional administrative model was an international competition which, in 1993, was organised and funded by Bertelsmann Foundation. Aim of this world-wide competition was to identify the most innovative cities in the field of administrative modernisation. When, as result of the competition, the New Zealand city of Christchurch and the US city of Phoenix, Arizona, came out on top, while the German candidate cities ended at the very bottom, this was taken by many practitioners and academics as a devastating verdict on the viability of the traditional type of (local) administration. This development has been accompanied and mirrored by a conspicuous shift in the composition of the relevant discourse community. While, in the past, the (afore-mentioned) traditional reformers stood in the fore, now the centre stage in the discourse was taken over by economists, chief executives, NPM-sympathising academics and, last not least, professionals from international consultancy firms that discovered and entered the German consultancy market. (It should be noticed that this shift on discourse arena coincided with the mounting budgetary crisis which, as was argued earlier, was crucial in triggering public sector reforms).

2.5. Receptivity for NPM ideas

Finally the supposition shall be taken up that a country’s receptivity (or non-receptivity) to NPM ideas and concepts is influenced by its specific institutional and cultural traditions.
In the USA the recent reform message that the public sector should learn from private business and its managerialism found easy acceptance for reasons that are deeply ingrained in the country’s history and culture.

Since the very foundation of the country, American thinking has been significantly marked by a State-detached, if not anti-state bias which was paraphrased by Dwight Waldo thus: “We did not want a European-style state, we did not need a European style state, and we did not develop a European-style state” (quoted from Stillman 1998: 172). Concomitantly, private sector managerialism has been seen as a guideline for administrative reforms since the 19th century progressivist and good government movements and has found its ‘scientific’ elevation in Fredrick W. Taylor’s ‘scientific management’ (see Hood 1998: 16, Pollitt 1990: 15). Having said that, one should not forget that the progressive movement did not hesitate to borrow from Old Europe’s, if not Prussia’s hierarchical bureaucratic model - in the attempt, in view of contemporary corrupt local governments, to create America’s modern public administration (see Thompson 2003). President Ronald Reagan stood in a time-honoured American tradition when, after 1980, he resumed the battle-cry against ‘big government’ and set on private sector instruments (and advice) to cut down federal personnel and expenditures. Similarly the Democratic Clinton Administration moved on traditional cultural and cognitive ground when he proclaimed the ‘reinvention of government’ on the formula of ‘business-like government’.

The U.K. presents a somewhat ambivalent case. On the one hand, in its more recent history since 1945 well unto the 1970s, the country’s political and institutional development, bearing the handwriting of the British Labour Party, was characterised by the build-up and expansion of the advanced welfare state with an array of state-owned (nationalised) business companies, with a quasi-monopoly of the public sector
in the delivery of health and social services and with public personnel body making up 20 percent of the total number of employees (in the end-1970s). Somewhat pointedly put, post-war Great Britain somewhat exemplified the full-blown (centralist) welfare state. On the other hand, however, the British political and administrative tradition and culture has been rooted in the Common Law tradition in which, distinctly different from the Continental European Roman Law tradition, the State is legally or cognitively not recognised as a self-standing legal ‘person’. In this sense, Britain could be called a ‘state-less’ country (see Dyson 1980: 53, Johnson 2000: 29). By the same logic, a divide and distinction between the State and Society, between public law and private law is not made. Hence, key NPM concepts, geared to private sector derived managerialism, marketisation, outsourcing and the like, had easy access and acceptance in the reform debate when the ‘old’ welfare state and its administrative structures got under fire (Wollmann 2000a).

By contrast, Germany is marked by a State and law tradition which historically was shaped by the Roman Law tradition (with its recognition of the State as a self-standing legal personality and its distinction of public and private law) and by the evolution of the Rechtsstaat tradition (with its axiom to direct and control public administration by a codified set of legislative provisions and to put it under judicial review. By the same token, the (‘Max Weberian’) model of an (externally legal rule-bound and internally hierarchically controlled) public administration has become and remained part and parcel of Germany´s public administration tradition. It should be added that, reflecting the country’s traumatic experience with tyrannical and law-negating government in the recent past, the Rechtsstaat has, institutionally, legally and normatively, been entrenched even more firmly in the post-war Federal Republic. Another important component in the country’s political and institutional tradition can
be seen in the existence of politically and functionally strong local government based on a multi-function model. In sum, these institutional and cultural traditions have constituted barriers to an easy entry and acceptance of NPM concepts that are expressly ‘imported’ from the private sector and its different operational logic.

Sweden comes as an intriguingly mixed case. On the one hand, the country, too, stands in a Roman Law and Rechtsstaat tradition which stems from its earlier historical links with the Continental European, not least German, development. Furthermore the country possesses a long tradition of highly decentralised government – with politically as well as functionally strong local governments. On the other hand, Sweden has traditionally shown great pragmatism in reforming her institutions not least by learning from international experience. Particularly since the second world war Sweden has knit close cultural and English language ties with the Anglo-Saxon world which eased the way to get to know, to adopt and to ‘try out’ NPM-concepts, especially of British provenance.

3. (Progressing) convergence or (continuing) divergence of the countries’ trajectories?

In the conclusion the question shall be taken up as to whether and to which degree the country trajectories of public sector reforms, in the countries under consideration in this paper, have shown convergence or divergence.

Summarising the arguments of this article and drawing on other pertinent internationally comparative sources (particularly Pollitt/Bouckaert 2000, Christensen/Lagreid 2001a, Wollmann 2003a) the following may, in conclusion, be said.
The countries’ reform trajectories exhibit a great variance in the timing, the scope and instruments of public sector reforms encompassing and mixing ‘traditional’ as well as NPM-guided reform strategies and elements. The variability and multi-faceted mix of the reform concepts and measures could be brought out even more clearly, if space allowed.

Put in a broad-brush manner, the trajectories of public sector, on the one hand, reveal a significant degree of cross-country convergence on which just a few points should be highlighted.

- Public sector reforms which have been initiated in all countries since the late 1970s (with a significant variance in time and scope) have been embedded in and driven by a more general policy change which marked the departure from the ‘old’ welfare state and its underlying Keynesian policy and the advent of a neo-liberal re-orientation in welfare state and economic policies. In this sense, the recent wave of public sector reform that can, on a larger or smaller scale, be observed in all countries can be interpreted as just one dimensions of a more general and fundamental policy change.

- In concrete terms, there has been a move across countries to the devolution of political and administrative functions in the intergovernmental setting. This applies particularly to countries whose starting conditions were characterised by the traditional profile of a unitary highly centralised state. So, in the early 1980s France made a decisive step towards ‘classical’ decentralisation. In the late 1980s Great Britain followed suit with the NPM-guided (‘next steps’) creation of central agencies. Sweden, by tradition, was already a highly decentralised country (with politically and functionally strong local government levels, continued, during the 1980s, to further devolve state functions to the local authorities.
Another general drive across countries was directed at dissolving the ‘monopoly’ of the public sector in the delivery of health and social services. This applies particularly to Great Britain and Sweden where, as a result of the build-up of the post-war modern welfare state, the health and social services had come to be almost entirely delivered by public sector personnel. The reform concepts and instruments that have been put in place range from market-testing, voucher systems to outsourcing and (material) privatisation.

In all countries, on different scales of conceptual and instrumental stringency, managerialist principles, including performance management and procedures to evaluate performance outputs and results have been introduced. This applies not least to Germany and France whose starting conditions were characterised by the traditional existence of legal rules-bound hierarchical (‘Max Weberian’) bureaucracy.

While, thus, the institutional trajectories show conspicuous cross-country convergence, there can be no doubt that they, at least up to now, continue to exhibit significant divergence in important aspects.

First, this seems to hold true particularly for the law-applying and law-enforcing dimension and function of public administration which in the countries with a Rechtsstaat tradition and an accepted emphasis on the legal regulation and judicial review of the operations of public administration has a significantly greater institutional, cultural and normative salience than in the Anglo-Saxon Common Law countries (whereby the heavy dose of statute-law and judicial review in the U.S. should, of course, not be ignored). Hence, a momentous segment of administrative functions and activities in Rechtsstaat tradition countries is bound to remain outside the attention and limelight of the NPM debate which (inasmuch as it emphasises
market-testing and out outsourcing) primarily envisages the provision of health and social services, that is, the service function of the state, leaving aside and out of sight the ‘hard core’ law applying and law enforcing function of the state. This aspect suggests continuing divergence between the Anglo-Saxon countries, on the one hand, and Continental European countries, but, to a lesser degree, also Scandinavian countries, on the other hand.

Second, an import field of persisting divergence can be seen in the status and function that the local authorities have in the country’s entire political and administrative system. In the international overview particularly two groups of countries come in sight. On the one side, countries, such as Germany and Sweden, are traditionally characterised by politically as well as functionally strong local governments in which the local authorities play crucial ‘multi-functional’ part in performing a wide array of public tasks. During the recent wave of public sector reforms there was tendency to even further strengthen the political and functional role of local government. Because of this persisting political and functional strength the local authorities, in this group of countries, are prone to put a political and functional limit to any ‘excessive’ outsourcing and privatisation of public functions. On the other side, in other countries, such as the U.K., the political and functional role of local government has been greatly reduced as a result of NPM-guided reforms and of accompanying local government-related measures. As an expression and a result of this enfeeblement of local government the NPM-driven process of outsourcing and ‘quangoisation’ of public tasks could run rampant. Hence, also on this score a relevant divergence between the countries with a persistently strong local government level and between those with weak local authorities exists.
In summarising these aspects and features of divergence and in drawing on an ideal-type distinction, submitted by Johan Olsen, between a ‘sovereign state’ and a ‘supermarket state’ (see Olson 1988), one might, in an admittedly gross and simplified manner, see the persistence of the ‘sovereign state’ in the profile of countries with a Rechtsstaat tradition plus politically and functionally strong local government, such as Germany and Sweden, while traces of the ‘supermarket state’ may be detected in the Anglo-Saxon countries with a ‘marketisation’ profile of public sector reforms.

The further course of the development is up for speculation, at best, for ‘informed guessing’.

Those who hold that there will be further convergence argue that internationally powerful forces and agents (such as the globalisation of the financial and economic markets) are bound to exert a degree of external determinism which is going to impose permanent, if not increasing pressure, embodied and exercised by international organisations, such as OECD, on the national economies and states to adapt and converge (see Thoenig 2003). This argument may find a strong case in the European Union which has been pushing not only for formulating and enforcing (primarily economic) policies and related legal regulations (such as on market liberalisation) in ‘one space without internal frontiers’, but has also, through the growing flux of EU regulations which need to be implemented by and within the members states, promoting ‘one European administrative space’, without having an explicit mandate and competence to interfere with the internal institutional matters of the member states.

In spite of these external – international as well as, in the case of the EU, inter-member state – pressures there is good reason to assume that the institutional variance
and divergence is going to persist, at least in the foreseeable future. Notwithstanding the conspicuous policy and strategy change in public sector reforms which took place throughout the countries at different points in time and on a different scale, the impact and persistence of country-specific features has been conspicuous which was demonstrated particularly by the salience of country-specific starting conditions and the country-specific institutional and cultural traditions, if not ‘path-dependencies’. There are no factors or developments in sight which could plausibly change these givens. It can finally be plausibly argued that, in view of the onrush of external factors prompting an international convergences and harmonisation of policies, the decisions on the (internal) institutions and the polity of a country will continue to be claimed (and jealously defended) by the national states and their governments (on all levels) as remaining reserve and prerogative of intra-national, that is domestic policy and decision-making (for a similar argument see König/Fuechner 2000).

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