

Perceptions of Public-Sector Management

In Chapter 3 we introduced the - perhaps surprising - idea that we now live in what amounts to a managed world economy. This managed society came into being, at least in part, for the best of reasons. These included the fact that the economic marketplace gives us little control over the forces which have most influence on the quality of our lives and the fact that it is necessary to orchestrate communal action for the common good. We saw that public servants, by creating institutional machinery to harness and control economic and social forces, can, and do, enhance the quality of life. We saw that this enhanced quality of life is correctly understood as wealth. And we concluded that public servants create wealth every bit as surely as aeroplane manufacturers and blacksmiths.

In Part II, we saw that faith in the workings of the economic marketplace, and the financial system more generally, is even more misplaced than we had previously imagined. Market mythology emerged as a kind of facade operating to conceal and legitimise massive military and financial intervention, and, perhaps more importantly, to perpetuate the kind of society in which we are living. Given the huge deficiencies of the market and the present need for urgent change, it became clear that the problems which face us can only be tackled through improved societal management.

In this chapter, we will review some of the reasons for resistance to increased public provision and management.

Reasons for Resistance to Public Provision

Some insights into the problems with public sector management come from some Quality of Life surveys carried out by Flanagan and his colleagues in the US and replicated in the UK (by ourselves) a number of years ago^{13.1}. What emerged was that many people are dissatisfied with the quality of their consumer goods - their cars, television sets, washing machines, and - even more so - their housing. But there is even more dissatisfaction with public provision - the quality of the general environment, road systems, public transport, health services, crime control, and the educational system. People are particularly dissatisfied with the workings of the social services - not only with the arrangements made to deliver unemployment benefit and income support, but also the care available to the sick, the elderly, the isolated, and the depressed. What is striking, though, is that they are most dissatisfied with their relationships with politicians and bureaucrats: With their own ability to influence what happens in their society, their ability to obtain treatment which takes account of their own particular circumstances, and the demeaning and offhand way in which they are often treated by officials, social workers, doctors, and teachers.

People regularly find that things have to be referred to higher authorities and committees, and that this takes an inordinate amount of time. Rules, which in any case seem to vary in

interpretation from one public servant to the next without right of appeal, are applied rigidly, and information which bears on what should logically be done in particular circumstances is ignored. The rules and committees seem more designed to provide cover for public servants who do not want to take personal responsibility for their actions than to help the public. There is frequently a frustrating lack of co-operation even between departments and agencies who are supposed to be working on the same problem. Public servants, more frequently than sales personnel in the private sector, are brusque and high-handed, behaving as if their primary roles were, first, to protect themselves, and, second, to guard the public purse. To the person in the street, it seems virtually impossible to find ways of modifying what are obviously outmoded and inefficient practices.

When it comes to direct involvement with the public service, most people have also had at least one of the following experiences:

- Being treated as if their time was of no consequence. This is a symptom of a much more serious and pervasive problem in the public service - its tendency to externalise, and then ignore, costs like those involved in administering VAT, the legal system, tendering systems, and the 'internal' markets of the health service and Local Management of Schools as well as such things as queuing in hospitals or for the dole.
- Extreme difficulty in getting public servants to try out new ideas. Proposed experiments are often dismissed on the grounds that they would put public money at risk. (In this context we may note that there is no punishment for public servants who commit sins of omission - for playing safe and omitting to try things which might, if successful, yield great benefits, while sins of commission - doing something which fails - incur severe penalties.)
- Public sector developments which have been poorly researched and badly planned. The public service is almost daily accused of having introduced 'developments' in education, health care, welfare support, transportation and so on which do not work, building buildings which are out of character with their environments and unsuited to their purposes, and funding commercial projects which collapse and never become profitable. (This experience is often used to justify calls for privatisation but, as we saw earlier, the impression that the public service is worse in this respect than the private sector is by no means necessarily well founded.)

In addition to these almost universal experiences, there is:

- a) Growing awareness that one cannot usually get rid of incompetent teachers, doctors, park workers, administrators etc. It is not just that one cannot actually get rid of them ... one has the impression that it is not even seemly to complain about them. In the private sector one feels that it is legitimate to complain, even if one does not do so. In the public sector one often does not even know to whom to complain - and, if one does, one somehow feels one is engaging in some underhand and disreputable act akin to 'grassing' on one's neighbours^{13.2}.
- b) Increasing suspicion that committee management functions in such a way as to prevent anyone ever being held accountable for anything. If no one is accountable for anything it is not only difficult to apportion blame when things go wrong, there is no way in which people who have made a success of new activities can get credit for having done so.
- c) Growing awareness of the disparity between the conditions of employment which public

servants have quietly acquired and those available to others. This has been coupled with a recognition that, whilst obtaining these benefits for themselves, public servants have not pressed for their extension to others. On the Contrary, they have been more than willing to sit on committees which have imposed on others - partly through sub-contracting and privatisation conditions of employment which would strike terror into their souls if it were suggested that they work under them. While public servants enjoy a high quality of working life - involving opportunities to work in the public interest and opportunities to exercise judgment and discretion, inflation-proofed pensions, short and well-conditioned hours of service, good holidays, and flexitime - they have been willing to enact (or at least to connive in the enactment of) legislation which imposes on others insecure employment with low pay, long hours, and few pension rights on the grounds that such demeaning conditions are necessary either to motivate those concerned to work or to obtain 'competitively priced' results.

More Fundamental, Widely Sensed, but Less Clearly Articulated

Problems

Beyond these problems lies a vaguer awareness of still more fundamental problems. These include:

- i) A growing awareness of the inadequacy of much governmental decision-taking. At the same time as the public has gradually become aware that governmental action is the key to the solution to many of the problems confronting society, it has become apparent that many governmental decisions are poorly thought-through. The decisions often fail to take account of key aspects of the problem, key consequences of alternative decisions, and local circumstances. Yet it has become increasingly difficult to draw attention to these oversights in such a way as to actually get something done about them. This has led to demands for 'devolution' on the one hand and criticism of all attempts at societal management - and therefore cries for 'privatisation' - on the other. Yet many people sense that neither of these solutions is realistic. Devolution has a hollow ring about it because it is only too apparent that local government decision-taking is no more complete or well conceived than the distant decision-taking of central governments. Indeed, it is often necessary to invoke more distant governments and their agencies like the European Court to get local councils and governments to behave responsibly. And privatisation, as we have seen, is no solution.
- ii) An increasing awareness that government decisions are determined by powerful lobbies and pressure groups with particular interests. These lobbies are able to devote vast resources to getting compliant people elected, to making the right connections, and to presenting a case - indeed creating a climate of opinion and controlling the terms of a debate - in such a way as to induce desired actions. Contrary to what many believe, the problem does not lie in the existence of these pressure groups themselves. The huge growth in public management means that we need to find ways of enabling many more groups with different interests to press their case effectively. The problems are to distinguish between the legitimate and the illegitimate use of these processes and to enable other interested groups to influence what any firms (and trade unions) recognise the importance of government and political activity from

the point of view of creating and obtaining markets and maintaining market shares. Appropriate legislation can be used to curb the entry of new firms, create the conditions necessary for profitability (monopoly, captive markets, obtaining capital at below market rates, cheap labour through public-sector-financed 'training' programmes, exemption from minimum wage legislation, and so on). Studies demonstrating the extent and deviousness of such activities - together with their importance - have been reviewed by Etzioni^{13.3}. Political power emerges as being the ability of non-governmental organisations to guide the actions of government. Some firms can control government activity - and thus, for example, the entry of competitors - without being economically large or dominant. Through this process, politically active firms then achieve effects which are often attributed to the concentration of economic power. It emerges from Etzioni's work that political power does not merely, or even largely, reflect economic power. He might also have noted the ways in which the Japanese have, by astute political intervention, been able to engineer dominance in many of the markets they control. But the point here is that increasing awareness of these problems,, and failure of the public service to act sufficiently decisively in the public interest, has led many people to despair of government and the public service.

- iii) An increasing awareness that perceptions of society's difficulties and the routes to their solution are almost entirely dependent on the way in which public servants, pressure groups, and the media determine the issues which are discussed, structure the way they are presented, and determine the terms and framework of the debate. One of the key developments we need is therefore a mechanism whereby: people themselves can get alternative viewpoints researched and presented.
- iv) The difficulty of getting the public service to act in the public interest: Some members of the public have become aware that it is, for example, actually harder to get the public service to build buildings which are in character with their surroundings than it is to use planning legislation to get private firms 'to do so. It is harder to stop the public service perpetuating a food hazard than it is to stop private firms doing so. It is virtually impossible to stop major misguided projects - such as building dams - once they have acquired momentum.
- v) The tendency to squander resources on petty accounting procedures: 25,000 people - equivalent to a medium sized town - were, for fifty years; employed to do nothing else but decide which of two Department of Health and Social Security Funds claimants would be paid out of. Many QUANGOs spend more of their funds creating an impression of public accountability than they do on providing the services they nominally exist to offer. The 'internal market' recently created in the National Health Service is a case in point. It has cost so much to administer that it has resulted in a dramatic reduction in the funds available for treatment.
- vi) Awareness that it has proved extremely difficult for the public service to control wage demands in the public sector - and particularly in the nationalised industries - and to stop certain groups of workers (miners, public sector companies) holding the country to ransom. There is more than a conflict of interest here; there is a conflict of ideology. Industries were nationalised in the interests of the public and employees. But what to do when the public interest and employees' interests conflict? Workers are not so much harming capitalists as harming their fellow citizens. AS Heald^{13.4} has shown, it has, in the end, somewhat ironically, turned out that the most powerful unions have been those which have represented vast

industries supposedly nationalised in the public interest and these have held the country to ransom by making demands for wages and conditions of employment which go far beyond the legitimate. This is not to say that such workers have not been badly treated in the past or to deny that society, like other large employers, has a responsibility to find ways of continuing to employ such workers as conditions change - a responsibility on which it has, on the whole, reneged. It is to say that such unions have exceeded their proper role, introducing unjustifiable restrictive practices and securing the continued employment of irresponsible employees. What has escaped notice is that such behaviour has not been characteristic of many other public sector employees - such as health care workers, social workers, and teachers (though there are undoubtedly many employed in these occupations who contribute little to society). Once these contrasts within the public service have been highlighted it becomes clear that the problem does not stem from public employment per se but has to do with history, the nature of the work, and the conditions of employment. That said, it should not be too difficult to find a way forward.

- vii) A gradual awareness that the failure of public provision occurs at a much more fundamental level than is typically assumed to be the case. For example, it has long been widely recognised that there is something seriously wrong with the educational system, and governments have, for the past 40 years, tried to do something about it. It is now coming to be recognised that the problems are not what they seem to be. It is not, on the whole, that teachers are not doing a good job within the constraints which face them. The problems are that the system as a whole has failed to deliver the benefits which were claimed for it (economic development, jobs for all, equality) and that secondary schools in particular are, in general, not meeting students' needs: They do not help children to identify, develop, and get credit for their talents or enable them to get jobs. More people recognise that the solution to these problems is much more difficult than has been assumed, but they are not at all clear about the way forward ... for that actually involves fundamental research and development - yet the institutional arrangements which purport to be for that purpose are themselves suspect.
- viii) Gradual recognition that there is a serious problem with current arrangements for monitoring and improving the quality of public provision. Some people have realised, for example, that the continuous cycle of well-publicised 'reforms' in education - such as the introduction of comprehensive schools, mixed ability teaching, and curriculum and examination reform - have not only not worked as promised, but have simply been replaced by other poorly considered reforms without any proper attempt to learn from what went wrong the last time.
- ix) Gradual awareness that what happens in the public sector may be driven neither by a genuine desire to meet its proclaimed goals nor by vested interests but by some hidden processes which perform sociological functions. Thus there are suspicions that the 'developments' introduced into education are not really about education at all but about such things as creating a more competitive and divided society, legitimising the belief that such division and competition is necessary, justified, and socially functional, and thus perpetuating the kind of society we have.
- x) A growing awareness of the fact that, while the number of highly paid, office-bound bureaucrats and consultants has greatly increased, the number of lowly paid people

responsible for delivering the goods and services we so badly need - maintaining roads, sidewalks, parks, garbage disposal systems, public toilets, and sewers - has declined and been followed by a decline in the quality of these provisions. This impression that the increase of highly paid personnel has not been accompanied by an improvement in the quality of the service is amply confirmed in studies like those of Walberg^{13.5} in the United States. Walberg's work shows that, at constant prices, the annual per-capita cost of educating a pupil of compulsory schooling age (i.e. excluding the extra expenditure needed to treat 'new' students - nursery students, post-15 high school students, college students, and adult students) rose from \$490 in 1945 to \$2,500 in 1984 with no discernible improvement in 16 year olds' ability to read, write, do mathematics, or undertake any of the other activities that educational researchers are able to measure. The inflation-adjusted per capita cost of high school education rose from \$900 to \$4,500 with no change in SAT scores. In other words, the employment of huge numbers of advisors, teaching assistants, secretaries, and administrative bureaucrats produced no discernable change in the quality of the product.

- xi) Growing awareness of the public service's tendency toward cover-ups, the deliberate creation of dis-information and mis-information, and its tendency to curb those^{13.6} who reveal the truth. Although it is widely believed that such obstructive action is the exception rather than the rule, its existence creates pervasive alienation and a disinclination to believe any public servants. This is reinforced by people's personal experience of public servants' reluctance to supply information. This is not so trivial as may appear: If the public service is not going to generate and disseminate information which is in the public interest, it raises basic questions about why have the public service at all. More fundamentally, such behaviour points to a failure of our democratic arrangements themselves. Not only do our politicians fail adequately to monitor the workings of the public service, they even use it to present issues and generate dis-information in a way which serves their own ends. Although the public service was initially established to serve government ends, public support for its activities is heavily dependent on the expectation that it will act in the public interest. Compliance with the short-term interests of the government of the day seriously undermines this support. Of course, the public itself is partly to blame, having not protested vigorously enough at the Thatcher government's swathe of changes in the law to deny the public access to information - and perhaps especially at their removal - as a result of the Ponting case - of a 'public interest' defence for public servants who spoke out against government policy.

Summary

In this chapter we have explored some of the sources of public resistance to public provision. Obvious reasons for scepticism included people's dissatisfaction with their ability to obtain provision geared to their needs and priorities, their dissatisfaction with their relationships with public, servants and politicians, their inability get something done about glaring deficiencies in public provision, and their alarm at the growth of 'bureaucracy' - by which they meant a growth in the number of officials (who are perceived as contributing little) and a tendency to use bureaucratic rules to justify actions which are inappropriate in the circumstances.

More important, though less well articulated, reasons for concern included, first, the feeling that public provision frequently does not achieve its espoused goals - worse, that its main beneficiaries

are often not the public in general. And, second, the fact that it is too easy for those who control public provision to structure debate about what should be done in ways which will lead to the conclusions they desire. The opportunities to research and debate alternative perspectives are too restricted. In fact, increased public provision is, in many people's minds, associated with increased restrictions on the flow of information and with the proliferation of the worst features of bureaucracy.

Notes

- 13.1 Flanagan, 1978, 1983; Flanagan and Russ-Eft, 1975; Raven, 1980
- 13.2 The notion that the private sector gets rid of the incompetent more quickly is vastly over-played. In most large organisations people are able to survive for years without pulling their weight, and Hogan (1990, 1991) has demonstrated that the base rate for serious managerial incompetence among American managers is no less than 60. His findings in some ways confirm the operation of the Peter Principle (whereby people are promoted to, and then remain at, their level of incompetence) in both the private and public sectors. More importantly, they point to the absence of effective ways of assessing and deploying competence effectively in all organisations.
- 13.3 Etzioni, 1985
- 13.4 Heald, 1983
- 13.5 Walberg, 1984
- 13.6 Ponting was prosecuted for having revealed what all the world - who, unlike the British, had seen the Falklands War on their television screens - knew about the sinking of the Belgrano despite Mrs. Thatcher's denial. The law was subsequently changed to prevent any public servant ever again speaking out in the public interest. Ponting's own account of the affair will be found in his book, published in 1985. Hancock (1991) has described the ways in which his efforts to expose the World Bank were deliberately frustrated.