

late 1990s," but which "will resurface again if there is a sustained downturn again, as surely there must be" (p. 215).

I spent a semester last year in Berkeley, and the incredible accumulation of wealth in the Bay area was obvious. The interesting question to me is how to develop political strategies that would make it possible to use some of this wealth to improve health, housing, or schooling for the least advantaged, and I wish that Nieman would have confronted it directly. As his title claims, Neiman has defended government. He has not shown us why—or even that—big government works.

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Decentralising Public Sector Management

Pollitt, Christopher, Johnston Birchall, and Keith Putman; London, MacMillan 1998, 211 pages.

The New Public Management (NPM) is not only academic papers and debates, but also a set of influential policies being implemented around the world. Diverse recipes—privatizing, devolving, decentralizing, and managing by performance—are nowadays clearly identified with so-called "managerial reform".

In developing countries, quite a few people in public offices and even in academia defend these ideas as though their effectiveness and appropriateness were beyond doubt. Governing elites, supported by influential international organizations including the World Bank and OECD, frequently insist on moving ahead on these reforms with all deliberate speed. Those who dare to urge caution are often dismissed as unprogressive—or worse. Nevertheless, developing countries should know about the dangers of premature adoption of NPM strategies (i.e. prescribing more autonomy for bureaucracies in countries where accountability systems are weak or absent).

Fortunately, we don't have to accept or reject the NPM on faith. We can look at the facts. In the United Kingdom, NPM style reforms began as early as 1979. It is now possible to evaluate the results achieved as a result of its implementation and to assess its outcomes.

In their book, Pollitt, Birchall and Putman embrace the challenge of systematically reviewing the consequences of managerial reform in the UK, with enthusiasm and an appropriate degree of skepticism. Focussing on the various decentralization efforts made since 1979, they provide the evidence needed to evaluate not only the administrative consequences of decentralization but also to assess their political effects. It should be understood that decentralization in the UK has encompassed various instruments associated with NPM (a concept the authors prefer not to use, but one that I find useful). It is not a single process, but a set of processes. According to Pollitt, Birchall and Putman, decentralization is

a complex concept, full of different meanings, but most involve spreading of formal authority out from a smaller to a larger number of actors. Hence, under this rubric they include devolution or political decentralization as well as restructuring of relationships between central government and local authorities and agencies, often on competitive lines.

The book reports the findings of fieldwork conducted in 12 British public sector organizations across three sectors of public service provision: healthcare, housing, and secondary education (four organizations were studied for each sector). Pollitt, Birchall and Putman begin by clearly stating their point of departure and the theoretical framework that underlies their study, a nice synthesis of rational choice theory, new institutional analysis, and rhetorical analysis.

From here, the reader is taken on quite interesting tour through the decentralization process implemented in UK since the Thatcher administration. Chapters 3 and 4 offer us a discussion of doctrines and general objectives that guided the different decentralization processes studied in this book (health, education, and housing).

Chapters 5, 6, and 7 make an in depth analysis of the process in each sector. Pollitt, Birchall and Putman start with basic questions: has decentralization really taken place? What exactly has been decentralized? Only after they answer those questions do they move on to a deep and critical analysis of the effect of decentralization on the performance of the public organizations involved. These chapters are fairly heavy going for someone who is not an expert on political and administrative realities in the UK. It was not always readily apparent to me how agencies/authorities interacted with ministries before or after reform.

In general terms, it is possible to conclude that reform of each sector (healthcare, housing, and public education) took a different track. But the justifications for reform were in each case practically identical: greater efficiency, user-focused services, greater political control, and tighter control over expenditure. Following the new conventional wisdom that public monopolies are inherently inefficient, the reformers wanted to smash the political power structure that previously controlled resources and policies in these sectors. In other words, reformers legitimized decentralization as means of empowering citizens and elected officials *vis à vis* bureaucrats and interest-group networks.

This is a crucial point. Decentralization wasn't just an administrative reform (although that is the typical NPM rhetoric). It was also and importantly a political reform, i.e., a means of transforming the relative power of ministries and local authorities and ministries and bureaucratic agencies intended to affect the authoritative allocation of values in society—who gets what, when, and how. In the three cases, the general idea was to “devolve” the control of agencies to the “public,” through autonomous structures: school boards, housing associations, and health trusts.

The specifics varied among sectors. In education, decentralization took the form of a quasi-market arrangement. Grant Maintained (GM) schools, which must compete for students to obtain resources, replaced Local Education Authorities (LEA). In housing, “tenants choice” mechanisms were established, despite their initial unpopularity. This scheme empowered housing associations to raise capital, adjust rents, and expand their operations where successful beyond their original geographical jurisdiction. In health, the popularity of the National Health System (NHS) was an important political obstacle to more straightforward decentralization strategies. The government turned to health trusts as an organizational

means of making NHS more responsive and cost-effective. The trusts enjoyed high levels of managerial freedom and were empowered to buy services from health-service providers on behalf of their members. However, the trusts were faced with strong countervailing power from associations of medical doctors and nurses.

Summarizing, the reform rhetoric was congruent and clear, practices diverse, Decentralization took place, but in order to decentralize some parts of the system, reformers centralized others. Health and education, in particular, experienced more central spending control. Local representative authorities have been “hollowed out” with authority being transferred, sometimes “up” to central government, sometimes “down” to local management units. What has been decentralized (budget freedom and freedom to manage administrative and operative structures) varies from case to case.

Has decentralization delivered on its promise? The creation of performance-driven organizations was a major objective of the reform. Does greater managerial autonomy lead to improved organizational performance. According to Pollitt, Birchall and Putman, the results are divergent, often ambiguous, and never entirely clear. Even where outcomes are positive, it is hard to say why. This is the case in part because a number changes occurred simultaneously. For example, school-funding reform was accompanied by open enrollment and the creation of a national curriculum. Consequently, positive results may be due more to centralized performance standards than to quasi-market arrangements combined with autonomy to manage budgets. Of course, the officials who designed these programs never put into place the means to evaluate them. Overall, however, these results should serve as warning to uncritical proponents of NPM-style reforms.

Perhaps the most useful conclusion that can be drawn from this volume about organizational performance has to do with the importance of service characteristics. It is harder to implement quasi-markets and performance indicators in professional and high-tech organizations, like hospitals, than in organizations like schools, and easiest to implement them where material things are being provided, housing, for example.

But the most important thing we learn is that decentralization reduced the influence of local authorities. This is an example some countries (mostly developing ones) would not want to follow. Important political consequences are attached to a decentralization project that assumes that local authorities and representatives have significant constraints to be efficient and responsive to citizens. These constraints are not explicitly explained by reformers in UK, the authors state, but it is clearly identified in the decentralization rhetoric with a positive correlation between inefficiency and services where the “producers’ interests” dominate over “consumer interests.” Some advocates of the decentralization processes taking place in UK argue that the key point is not whether those who run public services are elected, but whether they are responsive for results and outcomes. Politt, Birchall, and Putman think this argument has different problems, like confusing political accountability with administrative accountability, or assuming that consumer’s interests are identical to citizen’s interests as a whole. Most importantly, it seems that this managerial emphasis within the decentralization rhetoric, diminishes the role and importance of local authorities. Then, crucial questions are unanswered: which should be the role of local authorities? Is this role more “managerial” and less “political”? Is this argument proposing that heterogeneous

citizen's interests can be reduced to just technically produced homogenous consumer's interests?

Summarizing, this is the first, comprehensive evaluation of NPM-style reform in the UK. According to its authors, the benefits of these reforms remain elusive, their costs unknown. The best that can be offered, the authors say, are some insights with regard to the advantages and disadvantages of implementing NPM-style reform. Nevertheless, this book has important lessons for other countries—the importance of the interaction between sector and service characteristics and the potential competition for a local service-providing organization, for examples. Moreover, it appears that it is necessary to strengthen the institutional framework of political accountability, not just managerial accountability, to make public organizations more responsive. Given the powerful impact of NPM-style reform on organizations and society, this is a welcome warning. Countries implementing decentralization schemes based on quasi-markets mechanisms and performance evaluation systems should take heed.

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