

Abhandlungen zur Staats- und Europawissenschaft

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Band 1

# Paradoxes in Public Sector Reform

An International Comparison

Edited by

Joachim Jens Hesse, Christopher Hood  
and B. Guy Peters



Duncker & Humblot · Berlin

J. J. HESSE / C. HOOD / B. G. PETERS (Eds.)

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Herausgegeben von Joachim Jens Hesse

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## Preface

As the study of administrative reform has progressed – or at least continued – over the past several decades, worthy descriptive studies of those changes have accumulated across a number of countries. This volume represents an attempt to push the analysis beyond that first generation of studies to focus on the paradoxes or unintended effects of those reform efforts. So, as we explain in the introductory chapter, this book does not try to provide a detailed description of administrative change in the fourteen administrative systems considered, but to look selectively at those changes from a “paradox perspective”. It focuses on the apparently surprising or unintended aspects of administrative reform.

Paradoxes, like much else in administrative science, are highly dependent on context. Exactly who sees what as a paradox depends on their frame of reference. Apparent failure of administrative systems to adapt to dramatic changes in their environment may seem paradoxical to those who expect administrative structures to closely reflect environmental conditions, but not to those who expect persistence of initial form. Apparently laborious attempts to “*fix what ain’t broke*”, on the other hand, may seem paradoxical from the second perspective, but not the first. We discuss both sorts of phenomena in this book, as well as other paradoxes that we identify in the first chapter.

Most of the administrative systems discussed in this volume are those of advanced, industrial democracies. This “sample bias” arose for several reasons. Perhaps the most important was the already substantial corpus of published material about the wealthy democracies that could serve as a basis for moving to a paradox perspective. But we include one case of an administrative system being constructed from those existing within its constituent parts (the European Union), and we analyse two cases of transitional and developing countries – the People’s Republic of China and the former socialist countries of Central and Eastern Europe. Such administrative systems seem just as likely to document reform paradoxes as the wealthy democracies. Indeed, they may well be more likely to exhibit such paradoxes, given that for the developing world much of the administrative reform being implemented has been activated by exogenous actors, such as the World Bank, in connection with conditionality on “good governance” arrangements. The general point is that the paradox perspective merits as close attention in the developing world as it does in the developed countries.

A book of this type takes some years to produce and the commentaries on the experience of the various country cases we consider are not intended to provide an up-to-the minute account of the state of play in administrative reform, but rather to offer an analytic perspective. Many of the contributors found it helpful to organize their analysis under a set of headings that included reference to a country's stage of development, its cultural biases and traditions, the institutional framework surrounding the public sector, the way that resource issues have shaped administrative reform, the extent and ways in which administrative reform has become "professionalised" (rather than an *ad hoc* activity), and the role of policy entrepreneurs and politicians in shaping the process. Other chapters, however, have focused on a narrower set of analytic themes.

As we say later, we intend this volume to open up the discussion of paradoxes in administrative reform rather than amounting to the end of the conversation. But even this early exploration required the time and resources to bring together experts to discuss administrative reform from a paradox perspective, and we have a number of individuals and organizations to thank for their support of this project. Funding was supplied by Oxford University and the three Berlin Universities. Also, Nuffield College, Oxford and the International Institute for Comparative Government and European Policy in Berlin were congenial venues within which to meet and discuss the papers in a series of conferences. Alison Bateman, Florian Grotz and Alexander Somoza supplied helpful support in the process.

Berlin, January 2003

*Joachim Jens Hesse, Christopher Hood  
and B. Guy Peters*

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# **Introduction:**

## **Public Sector Reform – Soft Theory and Hard Cases**

By Joachim Jens Hesse, Christopher Hood and B. Guy Peters

### **I. The “Paradox Perspective” on Public Sector Reform**

We are often said to live in an age distinguished by preoccupations with public sector reform. Whether or not that perception is true (and only historians of the future will be able to say that with any sense of perspective), it is certainly an age of public sector reform-watchers. Library shelves groan and email inboxes clog up under the volume of attempts – by academics, consultants and international bodies – to chronicle public sector reform efforts across different states, draw out what are claimed to be their general or “paradigmatic” features and celebrate or criticise those paradigms. The international reform-watching industry has reached a point of development where it is impossible to give a comprehensive citation of the literature (now including a bewildering number of websites and virtual networks as well as conventional print sources) describing and accounting for public sector reform. (For a few specimens out of a huge population of literature describing public sector reform developments see *Zifcak* 1994; *Aucoin* 1995; *Olsen/Peters* 1996; *Hesse* 1997; *Barzelay* 2000.)

Mapping out unexplored territory in this way – to establish who did what and why in the “reform age” – is certainly an important and necessary task for comparative public administration scholars. But in this book we seek to develop a rather different perspective. We do not aim at adding to the maturing literature that is primarily concerned with describing which reforms were undertaken in different countries, what those reforms were intended to achieve or the adequacy or otherwise of the values that animated them – though we do need to go over some of that ground in search of our quarry. (A further substantive discussion of these reforms is contained in the concluding chapter.) Rather, the main aim of this book is to explore in comparative perspective the paradoxes of public sector reform – the developments in the reform process that were surprising, unintended or ironical. In other sciences, identification of paradoxes can be a sign of development, and our claim is that the study of comparative public sector reform has matured to a point where a paradox perspective merits attention.

Such a perspective on public sector reform is by no means new. Many of the classic writings on bureaucratic developments, both country-specific and comparative, have focused on surprising or ironic features of attempts at reform, modernisation and restructuring. Well-known examples include: *Alexis de Tocqueville's* (1949) account of how post-Revolutionary France, ostensibly seeking to sweep away the discredited techniques and approaches of the *ancien régime*, only succeeded in perfecting and developing them; *Hans Mueller's* (1984) account of the development of civil-service examinations in Prussia and Britain as a case of two societies adopting the same reform instrument for diametrically opposite social purposes; *Edward Katzenbach's* (1958) account of why the most technologically advanced state on earth (the United States) was the last major military power to abandon horse cavalry as a serious element of its military arsenal after World War II; *Peter Blau's* (1955) classic account of the way performance measurement unintendedly produces goal displacement; and *Thoenig and Friedberg's* (1970) account of the unintended centralising effects of decentralisation policies in France. But the contemporary wave of public sector reform – the much-discussed move to the “postbureaucratic paradigm”, “New Public Management” or “economic rationalism”, often claimed to be global or international in character – has been surprisingly little explored from such a perspective, even though it is potentially rich in material for paradox-seekers. Exceptions to this neglect are beginning to appear, for example in *Robert Gregory's* (1995) work on the unintended effects of the “production” metaphor in New Zealand's public service reforms, *Per Lægveid's* (1994) account of the paradoxical effects of pay for performance in an egalitarian culture, and *Moshe Maor's* (1999) account of the “managerial paradox” (see also Hood 2000). Though we do not claim to have invented the paradox perspective on public sector reform, our aim in this book is to develop – or redevelop – it and apply it on a comparative basis to exploring reforms of the recent past.

The term “paradox” is used in a broad sense here. The word is conventionally defined by dictionaries as an “apparent contradiction” which is capable of being resolved or understood (such as the “observer paradox” due to which observation itself changes the object of investigation), but more generally as something which is apparently absurd or contrary to received opinion. We can draw a parallel with the identification of paradoxes of management by *Charles Handy et al.* (1994; see also *Cameron/Freeman/Mishra* 1993). For example, it is commonly claimed that public sector reform is imposed on all countries by global imperatives of economic efficiency. But if that is true, how can we understand how some administrative systems that seemed barely to function at all (such as the Italian case) escaped effective reform in the 1980s, while systems that seemed to be on a quite different plane of efficiency and effectiveness (such as the Australian case) were reformed within an inch of their lives? We shall be much concerned with *malade imaginaire* reform paradoxes (and the opposite)

in this book, but we include several other ones, such as the “winner’s curse” paradox and the associated paradox of the advantages of coming second, as identified by *Thorstein Veblen* (1939), the “*credulité des incredules*” paradox discussed by *Christopher Hood* in this volume (that is, the propensity of reformers who are “hard nosed” and sceptical in one dimension and credulous in another), and paradoxes associated with behaviour apparently at odds with the conventionally-understood characteristics of a state system. Examples of that behaviour are *Patrick Dunleavy’s* (1989) “paradox of ungrounded statism” for post-World War II Britain, and the end of the “Swedish model” under economic pressures in the 1980s and early 1990s (*Rothstein* 1996).

We do not draw a strict dividing line between paradoxes and related phenomena, though a development of the paradox perspective would require further differentiation of types. Related phenomena include “puzzles” (a word sometimes used to denote artificially contrived problems with a determinate solution, like a jigsaw puzzle, but often used in a looser sense that overlaps with paradox as considered above), or “difficulties” (problems that may have no apparent solution, such as problems that no theory can explain) (see *Weldon* 1953). Paradoxes may also be related to the well-known phenomenon of administrative dilemmas and polylemmas (cases where  $x$  and  $y$  cannot both be chosen at once), in so far as those dilemmas are not recognised by the actors in the reform process, leading to consequences they do not anticipate. And paradoxes are closely related to the unintended consequences of social action involving unanticipated side- and reverse-effects (cf. *Merton* 1968; *Sieber* 1981; *Hirschman* 1991).

Exploring public sector reform from a “paradox” frame yields a different perspective from orthodox chronicles and critical discussions of change programmes. It moves us away from short-term case-by-case reportage to considering changes in each state against a longer time-frame and a comparative perspective focusing on its distinctive qualities, and from a focus on intended effects to a focus on unintended effects. In that way it helps to expose the “deep structures” of administrative systems and their underlying tensions. The paradox frame further illuminates the extent to which decisions about reforms go beyond simple rational calculations about the public sector to reveal something of the “deep structure” of politics in these various countries.

## II. Types of Reform Paradoxes

Paradoxes come in several varieties, and there is more than one way of describing the variety. For instance, we could distinguish political from managerial paradoxes, paradoxes of perception from paradoxes of substantive action, paradoxes of internal process in organisations from paradoxes of external ac-