The Diminishing Publicness of Public Service under the Current Mode of Governance

In this article, it is argued that while there has been an apparent eclipse in discourse regarding the publicness or public quality of public service, the recent transition toward a market-driven mode of governance has created a serious challenge to such publicness. More specifically, the contemporary businesslike changes in the objectives, structures, functions, norms, and users of public service tend to diminish its publicness in terms of its current trends toward eroding public-private distinction, shrinking socioeconomic role, narrowing composition of service recipients, worsening condition of accountability, and declining level of public trust. Based on the existing studies, empirical findings, and country experiences, this article delineates the basic criteria determining the publicness of public service, uses these criteria to demonstrate how the recent businesslike reforms have led to the erosion of such publicness, and makes recommendations for reviving the quality of publicness in public service.

Introduction

In both the academic and practical discourse on public administration, the “publicness” of public service used to be a common concern, especially with regard to its realization and representation of public interests and its possession of unique public qualities compared to business management. There also emerged critical observations regarding certain inherent obstacles to this publicness of public service, including its accumulation of excessive power, lack of accountability and representation, indifference towards public needs and demands, official secrecy and inaccessibility, and role in depoliticizing the public sphere (Garnham 1990; Haque 1994). Recognizing such limitations of public service to be a genuine public domain, some scholars became interested in exploring alternatives to enhance its publicness (Thomas 1999; Ventriss 1989). Coursey and Bozeman (1990, 532) went further to make the following comment: “there is no more important concern to public organization theory than the nature of ‘public’ in public organizations.”

However, in recent years, the concern for ascertaining the status of public service as an authentic public domain seems to have diminished worldwide under the emerging market-driven mode of governance. Public service itself has undergone businesslike transformation, especially under the influence of current global context characterized by the triumph of market forces and the reorientation of state policies toward deregulation, privatization, and liberalization (Haque 1996). The examples of such businesslike reforms in public service include initiatives such as Public Service 2000 in Canada, Next Steps in the United Kingdom, Renewal of the Public Service in France, Financial Management Improvement Program in Australia, Administrative Management Project in Austria, Modernization Program for the Public Sector in Denmark, and Major Options Plan in Portugal (OECD 1993). This new genre of administrative reforms, often generalized as New Public Management, can also be found under various titles in countries such as Belgium, Brazil, Finland, Germany, Italy, Jamaica, Japan, Malaysia, Mexico, the Netherlands, New Zealand, Norway, the Philippines, Singapore, Sweden, Switzerland, Turkey, and Zambia (see Haque 1998a; Nunberg 1997; OECD 1995).
The major causes and objectives of these public sector reforms in both developed and developing countries have been to overcome public sector inefficiencies, reduce monopoly, minimize budget deficit, relax trade protection, streamline public expenditure, withdraw subsidy, generate revenue, expand competition, encourage foreign investment, improve service quality, and increase customer satisfaction (see Clements 1994; Kelegama 1995). But the critics point out that the recent socioeconomic trends in different regions do not necessarily confirm that these objectives of reforms have been realized. According to some recent studies, the retrenchment of workforce in the public sector has failed to reduce the wage bills in African nations; the post-reform situation of unemployment has worsened in most European and Latin American countries; and the financial crisis has become more alarming in Asian countries after they pursued promarket reforms (see Atkinson 1999; Das 1998; Kagami 1999).

Beyond these outward impacts of current market-led reforms on the economy, society, and people, such reforms also have serious implications for the nature of public service itself, especially in terms of its quality of being a public institution. It is increasingly being realized that the promarket assumptions, principles, and outcomes of recent governmental reforms may constitute a significant challenge to the unique features and standards of public service (Rouban 1993a, 1993b). This article attempts to explain how the contemporary businesslike reforms in governance may have diminished the aforementioned publicness of public service in terms of its institutional and normative identity, composition of service recipients, pattern of socioeconomic roles, degree of accountability, and level of public trust. It also recommends some academic and practical measures needed to encounter this emerging challenge to the public nature of public service.

**Major Dimensions**

As mentioned above, there is an emerging challenge to the publicness of public service due to the reorientation of state policies and administrative reforms towards the principles of market and business management. The situation becomes more ambiguous due to the relative absence of consensus on the connotation of the term public, although there are surrogate concepts, such as public interest, common will, and common good, that are often used to refer to the meaning of public (see Frederickson 1991, 1997). Thus, in order to examine the contemporary issues challenging the publicness of public service, it is essential at this initial stage to outline the specific criteria or measures of publicness.

First, in the public administration field, a common traditional criterion to determine publicness is the degree of **public-private distinction**. Despite the sense of a blurring boundary between the public and private sectors, especially caused by the emergence of quasi-government state enterprises (Emmet and Crow 1988), the publicness of public service has usually been understood in terms of its distinguishing features, including its service norms such as impartiality and openness, its principles such as equality and representation, its monopolistic and complex nature, and its longer and broader social impacts (Coursey and Bozeman 1990). Thus, the publicness of public service may become questionable if these features are marginalized by the principles of business management. In this regard, Barberis (1998) has focused on the eroding distinction between the public and private sectors in the case of the United Kingdom.

Second, the publicness of public service is also dependent on the **composition of service recipients**—a greater number or broader scope of service recipients implies a higher degree of publicness. In other words, the publicness of public service depends on how many citizens it manages to serve. As Ventriss (1989, 175) suggests, the idea of public represents a shared and universally accessible domain involving the interest of all citizens. The composition of service recipients, however, is related to factors such as the scope of public ownership (broader public ownership implies greater publicness) and the nature of citizenship (wider scope of citizen’s entitlement to services represents more publicness). The scope of public ownership and of citizens’ entitlement is important for publicness, because, even in an advanced democracy, the mere existence of interest groups cannot assure the underprivileged sections of the public to express their concerns and preferences (Frederickson 1991, 1997).

Third, a crucial determinant of the publicness of public service is also the **nature of the role** it plays in society—its broader and more intensive role represents its wider societal impacts, and thus, greater publicness, whereas its narrower and weaker role implies its limited social impacts, and thus, lesser publicness. In fact, one of the main features of public goods is the extensive scope of their social impacts or externalities (see Bately 1994). For Bozeman (1984), even the managerial and organizational impacts created by a government are important to determine its publicness. Thus, a reduced role of public service implies its limited public impact, and therefore, its diminished publicness.

Fourth, a common standard of the publicness of public service is the extent to which it is amenable to **public accountability** (Haque 1994). For Frederickson (1991, 410), processes such as public hearings, grievance procedures, ombudsmen, and sunshine laws—which actually represent the means of accountability—are all friendly to a general theory of the public for public ad-
ministration.” It should be mentioned, however, that the mere existence of various institutions of public accountability is not enough; they have to be effective in action. In addition to the means of accountability available under liberal democracy, including legislative committees, parliamentary questions, judicial control, ombudsman, codes of conduct, opinion polls, interest groups, and media scrutiny, there are socioeconomic factors (such as class structure, income distribution, and property ownership) that are crucial in determining to which sections or classes of citizens the public service is accountable.  

Finally, a central measure of publicness remains to be the public trust in the credibility, leadership, and responsiveness of public service to serve the people. If a public service begins to act like a business enterprise, its credibility as a public domain is undermined; if it plays an indirect and limited role, its public leadership comes under question; and if it fails to respond to the needs of all citizens (not just the affluent class), its overall public responsiveness is compromised (Gregory 1999, 67). All these factors, including business-like behavior, limited social role, and class-biased responsiveness, may eventually erode public trust in public service, and thus, its publicness. In fact, the guarantee of citizens’ trust has always been a critical challenge to public administration (Thomas 1999, 84).

Based on the above description, it can be summarized that the publicness of public service depends on the following: (a) the extent of its distinction from the private sector, (b) the scope and composition of its service recipients, (c) the magnitude and intensity of its socioeconomic role, (d) the degree of its public accountability, and (e) the level of its public trust. In line with these selected criteria of publicness, it is explained below how the current business-like reforms in public service are likely to diminish its publicness. It should be mentioned that this list of publicness criteria is not exhaustive, and each of these criteria can be debated further.  

Assuming such unexplored criteria and variations as constant, this section of the article examines the above five criteria in terms of their negative trends—the eroding public-private distinction, the narrowing composition of service recipients, the weakening role of the public sector, the worsening problems of accountability, and the declining level of public trust—to illustrate the issue of diminishing publicness of public service in the current age.

The Eroding Public–Private Distinction

As mentioned above, one common measure to evaluate the publicness of a public service is to examine its unique features or principles that distinguish it from the private sector. However, this essential public-private distinction may have eroded due to the fact that under the current ethos of market-driven reforms, the unique public service norms or standards (e.g., citizenship, representation, accountability, equality, impartiality, openness, responsiveness, and justice) that evolved in advanced democracies such as the United Kingdom, the United States, France, and Canada, have recently been marginalized, if not replaced, by business norms like competitiveness, efficiency, productivity, and profitability (Frederickson 1997; Haque 1996). The use of business terms such as internal market, joint venture, user charge, partnership, contracting out, and corporatization, has become a common trend in public organizations (OECD 1997a).

In the case of the United Kingdom, it has been observed that the contemporary public service reforms have used private sector values and languages, instilled business management culture, and eroded public service ethics (Haque 1998b). In the United States, an increasing emphasis on a managerialist approach has allegedly underestimated the basic differences between the public and private sectors (Peters 1993). In fact, the reform initiatives recommended by the National Performance Review (NPR) have been based on an assumption that “the public and private sectors are essentially alike in their fundamental processes and purposes . . .” (Dillman 1998, 152). Similarly, in countries like Belgium, Germany, the Netherlands, and Sweden, the public sector has adopted market values such as efficiency, effectiveness, economy, productivity, costs-benefit, value-for-money, and customer satisfaction, especially under the influence of New Public Management (Hondegem 1997; OECD 1997a; Toonen and Raadschelders 1997).

Even in developing countries, public service is being changed towards similar business sector norms, especially under the influence of international agencies such as the World Bank and the International Monetary Fund. In their recent administrative reforms, the governments have emphasized values like efficiency, productivity, quality, performance, effectiveness, partnership, and economic growth in Malaysia, Singapore, Thailand, and the Philippines (Halligan and Turner 1995; Haque 1998a). In Africa, the forerunner of such normative changes in public service has been South Africa, which has adopted administrative reforms based on the idea that government departments should be run on the basis of business principles (see Muller et al. 1997). With regard to this global trend towards increasing similarity or eroding distinction between the public and private sectors, Whitfield (1992, 11) mentions that “the principles of public service are rapidly being eroded. Commercial values, business practice and market forces are fast becoming the dominant operational criteria.” Similarly, for Cooper (1992, 85), norms and values such as efficiency, effectiveness, and competence may displace more basic public service norms like equality, public interest, human dignity, and justice.
This direction toward diminishing public-private distinction can also be found in recent behavioral or attitudinal changes in public management. In most OECD countries, the current tendency is to adopt result-oriented managerial behavior based on performance, targets, and outcomes as practiced in business management (OECD 1993, 14). Under the decentralized New Public Management adopted in Australia, France, Germany, New Zealand, and the United Kingdom (Nunberg 1997), the patterns of administrative behavior are guided by targets and results resembling the corporate managerialist approach found in the private sector. Among developing countries, Botswana, Brazil, Costa Rica, Jamaica, Malaysia, the Philippines, and Singapore are pursuing similar managerialist approach and corporate techniques in public service (Haque 1998a; Nunberg 1997; OECD 1993). Thus transition in the mode management towards an overwhelming concern for results may encourage public managers to pay more attention to the predetermined productivity targets, while making them less responsive to the changing needs and expectations of citizens beyond the confines of such managerial targets. In other words, a businesslike management attitude may be incompatible with the people-oriented behavior expected from public service.

In the above discussion, it has been highlighted that the recent changes in the norms, principles, and attitudes of public service towards those of business management are likely to weaken the established public-private distinction, erode the normative and attitudinal identity of public service (Haque 1996), and thus, diminish its degree of publicness. Although the extent of such businesslike changes and the degree of eroding public-private distinction may vary among specific countries or regions—such as, between North America (usually business-friendly) and Western Europe (traditionally state-centered), between developed nations (with greater market exposure) and developing countries (with weak market forces), and between capitalist economies (dominated by business interests) and transitional or postcommunist economies (constrained by the legacy of state planning)—the focus of this paper is on a more generic worldwide transition toward a market-driven public service. In the capitalist world itself, although the degree of adopting businesslike principles of New Public Management varies among nations—high in Australia, Canada, New Zealand, Sweden, and the United Kingdom; medium in Austria, France, Italy, Norway, Portugal, and Switzerland; and low in Germany, Greece, Japan, and Spain (Hood 1996, 278)—the recent trend within each of these nations has been toward a closer resemblance between the public and private sectors.

The Narrowing Composition of Service Recipients

In order to maintain the publicness of public service, it is essential to ensure that it serves the needs and demands of diverse social groups and classes constituting the public beyond the parochial interest of a selected class or group. In this regard, the objectives of public service should be based upon the principle of common public well-being or the well-being of all citizens. During the postwar period, most advanced capitalist nations began to pursue such objectives by ensuring much broader civil, political, and social rights of citizens (see Marshall 1994). Once the citizens’ entitlements to the realization of basic human needs—such as security, housing, and health—came to be considered as rights, they became relatively nonnegotiable (Rubin 1993).

However, since the 1980s, the primary objectives of public service have changed from the realization of citizens’ rights or entitlements to the accomplishment of economic goals based on efficiency and competition, although such economic achievements (assessed and claimed by experts) may not benefit the majority of the population. This change in public service mission from a citizen-centered to efficiency-oriented focus can be found in almost all industrial nations, including Australia, Belgium, Canada, France, Germany, Italy, Japan, New Zealand, Spain, Switzerland, the United Kingdom, and the United States (see OECD 1995). Similar transition in public service objectives can be found in most developing countries where the current regimes are increasingly concerned for narrow economic growth and productivity rather than overall social progress and nation-building. The focus of state policies in many Asian, African, and Latin American countries is no more on the general well-being of the common masses, but on an efficient economic management guided by the business principles that usually serve local and foreign investors (see Walton and Seddon 1994). This current trend implies the narrowing composition of the recipients of services provided by the public sector—a public sector that now pays more attention to market-led economic growth while neglecting the overall well-being of common citizens.

In line with the above shift in public service mission, there has been a considerable restructuring in the allocation and use of public sector resources in such a way that the underprivileged citizens could be left out from the government provision of services. More specifically, in the process of reforming the public sector, the programs designed for the low-income population have been retrenched in most countries. For instance, France reduced expenditures on health insurance; Germany froze subsidies to programs for the unemployed; Japan cut contributions to health
and medical services; Canada reduced subsidies to industrial and regional development programs; Belgium froze subsidies to social security; Austria introduced cuts in welfare programs such as unemployment insurance, health, and pension; and the United States decreased federal funding for subsidized housing, health care, and social security (OECD 1997a). Similar experiences of diminishing public expenditures on education and health can be found in Asian countries such as Korea, Indonesia, India, Jamaica, Zaire, Swaziland, Lesotho, Uganda, and Zimbabwe (Das 1998; Tevere 1995). Since these cuts in health services, education programs, and subsidized social services, together with an increase in food prices and a fall in real wages, adversely affect low-income families (Lefwich 1994), the condition of poverty has worsened in various parts of the world. In other words, the benefits of recent public sector reforms have not reached low-income citizens, and as explained above, this narrower scope or composition of service recipients from the public sector implies its diminishing publicness.

Finally, there has been a change in the very definition of service recipients in the public sector. While the concept of citizenship and the principle of citizens’ rights have traditionally been the main criterion to define the recipients of government services, under the emerging business culture of New Public Management, these service recipients are being redefined as “customers” in advanced capitalist nations, developing countries, and transitional economies (OECD 1993; Vanagunas 1997). This customer-oriented model in public service, which inappropriately presumes a “mercenary exchange relationship” between buyers and sellers as found in the private sector (Kettl 1998), may encourage individuals to pursue “narrow self-interest at the expense of any wider social or public interests” (Clarke and Newman 1997). In terms of service delivery, according to Kettl (1998), the customer model tends to discriminate between the rich and the poor based on their capacity to pay, which goes against citizens’ expectations of government to treat them equitably. In fact, the low-income households may not even qualify as customers to receive services due to their financial incapacity that has recently been worsened due to job losses and wage cuts in the context of privatization and retrenchment. Although industrial nations such as Belgium, France, Portugal, and the United Kingdom have adopted some form of “citizen’s charter” to ensure the responsiveness of public agencies to their customers, such a measure is effective mainly to the service users who can pay (Toonen and Raadschelders 1997), while remaining indifferent towards the needs of low-income citizens.

The above trend towards narrower composition and definition of service recipients implies the diminishing publicness of public service. The principle of publicness requires public service to respond to the needs and expectations of all citizens, not just the affluent customers or clients who “seem unable to function as a public” (Frederickson 1991, 405). The critics argue that “citizens are not the customers of government; they are its owners who elect leaders to represent their interests” (Schachter 1995, 530). For Clarke and Newman (1997, 155), the current trends toward the disintegration of the state into businesslike agencies and the fragmentation of the public into customers, users, or clients may weaken public interest and erode the idea of the public realm or public good.

However, it needs to be mentioned that the implications of such narrowing composition of service recipients for the erosion of publicness may differ between countries. For instance, compared to developed capitalist nations, the market-driven public sector reforms are likely to have more adverse impacts on citizens in developing countries, because these countries have a much higher percentage of people in poverty who used to depend on subsidized goods and services provided by the public sector. More specifically, the recent cuts in social services will have more critical impacts on low-income citizens in these poorer countries (such as, Indonesia, India, Jamaica, Zaire, Swaziland, Lesotho, Uganda, and Zimbabwe) in comparison with those in advanced industrial nations such as Australia, Belgium, Canada, France, Germany, Japan, the United Kingdom, and the United States. Similar to the situation in developing societies, a reduction in public sector services is also likely to have severe impacts on low-income households in postcommunist countries such as Bulgaria, Romania, Slovakia, the Czech Republic, Poland, and Russia, where the previous communist state used to address almost all socioeconomic concerns of citizens, and the recent market-led reforms have impoverished the poor further. Regardless of these cross-national variations in the extent of adverse socioeconomic impact of promarket reforms on common citizens, the fact remains that such adverse impact of reforms can be traced in almost each country. Thus, the current trend toward the exclusion of low-income citizens from public sector services—which implies the narrowing scope of service recipients or the weakening publicness of public service—has become a common global phenomenon.

The Weakening Role of the Public Sector

In ascertaining its publicness, the public service needs to play an active role to address societal demand, serve the public interest, and thus, achieve an image of public leadership. In the postwar period, public service played such a leading role not only in advanced capitalist nations within the framework of a welfare state, but also in postcolonial societies pursuing socioeconomic progress under the auspices of the so-called developmental state. But, since the
early 1980s, there has been a considerable shift in the role of public service from such an active engagement in various socioeconomic activities to a more indirect, supportive function of facilitating the private sector initiatives. An increasing emphasis on such a facilitating role rather than leading role of the public sector can be found in countries such as Australia, Belgium, Canada, France, Germany, Italy, New Zealand, the United Kingdom, and the United States (see OECD 1995, 1997a). In this regard, it has been pointed out by Painter (1994, 247) that in the United States, the whole idea of reinventing government was to assign public service with a catalyzing or facilitating role, to reinforce the leading role of the private sector, and to ask the public sector to “steer” rather than “row.”

Similar changes in the role of public service have taken place in many developing countries. For instance, in Bangladesh, India, and Malaysia, the recent governments have encouraged the state bureaucracy to be a facilitator rather than an active change agent (Haque 1998a; Zafarullah, Khan, and Rahman 1997; Jha 1998). In Korea and Thailand, there have been attempts to reduce the interventionist role of public service, to contract out its major operations to private enterprises, and to structure its role towards facilitating economic development through market competition (Halligan and Turner 1995; Haque 1998a; Kim 1997). Similarly, Argentina and Taiwan have opted for disengaging the public sector from various production and regulatory functions while enlarging the functional scope of the private sector (Chen and Hsin 1998; Oszlak 1997). Even the former socialist state such as Poland has adopted reforms, so that various administrative ministries have “steering” rather than “rowing” functions (Nunberg 1997).

While this transition will increase the role of private sector to deliver goods and services, it is likely to marginalize the role of public sector in providing basic services and addressing people’s needs. For instance, in the case of Canada, the weakening role of the public sector in health services caused by budget cuts has made it difficult for the federal government to ensure effective national health standards for the public (Landry 1993, 346). In the United States, the majority of the respondents surveyed, in fact, emphasized that the priority of the government should be the guarantee of effective public management rather than reducing its role by cutting public programs (Kettl 1998). This trend toward a weaker and more indirect role of public service implies its declining involvement in socioeconomic activities and changes, its eroding impacts on society and people, and thus its diminishing quality of publicness.

In fact, the capacity of public service to play an active or leading socioeconomic role has diminished due to the restructuring of its financial and human resources under the recent market-driven reforms. With regard to financial resources, the capacity of public sector has declined due to a considerable transfer of public assets to the private sector through privatization. In industrial nations such as the United States and the United Kingdom, privatization has affected not only the scope of central government but also the activities of local authorities. Recently, developing countries in Asia, Africa, and Latin America have also intensified their privatization programs, which often led to the sale of profit-making public enterprises that used to generate revenues for the government. In terms of human resources, the government launched programs to retrench (or at least freeze) the number of public employees in industrial countries like Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, New Zealand, Sweden, the United Kingdom, and the United States (see OECD 1993, 1997a, 1997b). This policy of employee reduction has also been adopted in developing countries such as Argentina, Bolivia, Costa Rica, Guatemala, Haiti, Senegal, Congo, Ghana, Kenya, Mauritania, Nigeria, Somalia, Uganda, Malaysia, Singapore, Nepal, and Sri Lanka (Das 1998; Haque 1998a). These recent initiatives of financial and personnel retrenchment have serious adverse impacts on the public sector in terms of its reduced financial and personnel capacity to carry out public programs such as health, housing, education, rural development, and environmental safety, which are crucial for the low-income population. In some cases, the retrenchments have occurred mostly in public agencies related to social services rather than law and order. This reduced financial and personnel capacity of public service creates a declining publicness because it is increasingly incapable of responding to citizens’ needs and demands for basic services.

Although the extent of this weakening role and capacity of public service varies among countries, the impact is likely to be more intensive in countries that used to practice the model of interventionist state prior to moving towards a market-centered approach (such as, the postcommunist countries in Eastern Europe and the former mixed-economies in Asia, Africa, and Latin America). The effect may be much less in advanced market economies in Western Europe and North America. Among capitalist nations themselves, the impact is more significant in countries that used to have an extensive role of the public sector (such as, Australia, New Zealand, and Sweden) than those which had a relatively narrow scope of public sector activities (such as, Japan, the United States, and the United Kingdom). Despite such cross-national variations within each individual country, the period since the early 1980s has seen a growing trend towards a reduced role of public service affecting its publicness.
The Emerging Problems of Public Accountability

As outlined above, one of the most common criteria to assess the publicness of public service is the realization of its public accountability. However, while the traditional problems of administrative accountability—caused by bureaucratic power, functional complexity, social isolation, information secrecy, controlled media, political repression, and so on—have not disappeared, there has emerged a new set of challenges due to issues related to the contemporary market-driven reforms in public governance. As Kettl (1998, v) mentions, the pursuit of reinventing government based on businesslike practices constitutes an “aggressive attack on the tradition of democratic accountability.”

First, a new challenge of accountability to public service is posed by its closer partnership or alliance with private firms that have expanded under the recent market-friendly reforms in both developed and developing countries (see Haque 1998a; OECD 1993). This public-private partnership creates doubt regarding the transparency of public-private transactions, raises the question whether it is acceptable to utilize public resources to benefit certain business enterprises, and diminishes the degree of government control over private contractors needed for accountability (see Frederickson 1997, 80). In the United States, for instance, the increasing number of government contracts with the private sector has generated public concern regarding the problems inherent in government–contractor relations, especially with regard to the ambiguous performance of contractors, frequent use of illegal tactics, and increased opportunities for kickbacks (Frederickson and Frederickson 1995). Thus, although one may find it efficient to expand public-private alliance, the concern remains whether such extensive dealings with business firms would influence public service through vested business interests, and thus, jeopardize its public accountability. In addition, public–private partnership may disturb the very chain of accountability because the common citizens “may simply not be able to determine whether government or its contractors is responsible for the particular service, and [thus] officials who want to may be able to evade responsibility easily” (Peters 1993, 383).

In short, the current trend towards a closer alliance of public service with private firms represents an emerging challenge to its public accountability, and thus, to its publicness.

The second problem of public accountability is likely to emerge from the fact that there has been a shift in the functions of public service under its business-like reform—from the direct production and distribution of public goods and services to more indirect functions such as regulating, monitoring, and evaluating market-friendly activities like divestment, contracting out, and liberalization. For instance, in order to oversee the recently privatized enterprises and more expansive market forces, countries such as Australia, Canada, Finland, New Zealand, Sweden, the United Kingdom, and the United States have introduced various new regulations and regulatory agencies (see Haque 1998b). To monitor and evaluate these new regulatory measures, there has emerged another layer of government organizations: for example, the Office of Privatization and Regulatory Affairs in Canada, Committee for the Renewal of the Public Service in France, Secretariat for Administrative Modernization in Portugal, and so on (OECD 1993). A similar scenario is evolving in many developing countries.

These changes in public service have serious implications for its public accountability. It is because the earlier public service functions and institutions related to the direct delivery of goods and services were relatively tangible, measurable, and thus, verifiable; whereas its new indirect activities such as regulation, monitoring, and evaluation, are quite difficult to verify due to their intangible nature. In addition, while the common citizens would have greater interest in the accountability of a public service that used to deliver goods and services directly to them, they would be less concerned with the accountability of a New Public Management performing the tasks of market-related regulation and evaluation with minimal direct impacts on their lives. Thus, the recent shift in public service’s functions has considerable implications for its amenability to public accountability, for the citizens’ interest to ensure its accountability, and thus, for its publicness based on the realization of such accountability.

Finally, the problem of public accountability is likely to emanate from the expansion of managerial freedom in the newly created autonomous public agencies, which occurred in both developed and developing countries within the context of business-friendly reforms. More specifically, based on the principles of business management, the government has created autonomous agencies under various titles (such as, “executive agencies,” “free agencies,” and “special operating agencies”) and increased fiscal and managerial autonomy in the public sector in countries such as Canada, Denmark, France, Finland, New Zealand, the Netherlands, Spain, and the United Kingdom (OECD 1993, 1997a). Similar managerial and financial autonomy is being emphasized in developing countries like India, South Korea, Malaysia, the Philippines, Singapore, and South Africa (Haque 1998a; Muller et al. 1997; World Bank 1995).

This move towards businesslike autonomous agencies poses a challenge to the traditional mode of accountability based on a closer public scrutiny of public service activities through parliamentary debates, legislative committees, administrative tribunals, and other democratic means. The dispersal of power among various actors such as public...
agencies, regional offices, and private enterprises has already marginalized the role of elected central government and reduced the power of local representative institutions (Clarke and Newman 1997, 127). On the other hand, the power of individual ministers or political heads over the chief executives of these agencies has increased due to the fact that the careers of these executives increasingly rely on short-term contracts determined by their respective political heads. Thus, it is likely that these government managers of autonomous agencies maintain individual loyalty to their ministers or political heads who decide their careers, but ignore the need for collective accountability to representative institutions (especially the legislature) that have less control over such autonomous managers.

Another danger to public accountability posed by managerial autonomy is that it may “give more public servants opportunities to use their public office for private—or even partisan—gain” (Kernaghan 1992, 213). More particularly, the current trend toward financial autonomy of public managers (as found in Australia, New Zealand, and the United Kingdom) implies that they will have more direct contact with public money and fewer micro-level budgetary controls, which may create greater temptation for corruption and fraud among them (OECD 1996, 1997a). In reaction to all these challenges to public accountability posed by businesslike flexibility in public management, there is a growing concern in advanced industrial nations with regard to this newly emerging tension between managerial autonomy and managerial accountability (Dillman 1998; OECD 1997a).

The severity of these accountability problems emerging from market-driven reforms may differ among countries and regions. For instance, the capitalist nations are in a better position to ascertain some responsiveness and transparency in forming public–private partnership and to ensure certain public scrutiny over autonomous agencies, because they have more advanced and reliable market systems, deep-rooted political and administrative institutions, and extensive press freedom. In developing countries and transitional economies—due to the relative absence of liberal democratic institutions, free press, citizens’ rights, and market forces—the challenge to public accountability emerging from market-based policies is likely to be more critical.

The Rising Challenge to Public Trust in Public Service

As mentioned in the beginning, one of the most essential indicators of publicness of public service is the extent to which it can claim adequate public trust or confidence. This section of the article offers some empirical findings showing the trends in different countries toward a greater challenge to this public trust, and explains how the recent market-led reforms in the public sector have exacerbated such a challenge. Although public trust may be affected by many factors, the focus here is mainly on the impacts of these market-driven reforms. Public trust in public service not only refers to the trust of common citizens, it also encompasses the trust held by public servants themselves, since they constitute a significant part of the citizenry and represent an educated and articulate segment of the public.

First, in terms of empirical trends of public trust in public service, the confidence of public employees themselves appears to be under challenge. In the case of the United States, it has been found from several surveys that during the 1980s, almost 45 percent of the top dedicated civil servants (the members of Senior Executive Service) left the civil service; the annual turnover rate reached as high as 20 percent; and 73 percent of federal employees expressed concerns about “brain drain” from the public sector. All these reflect a significant level of employees’ dissatisfaction with public sector jobs (see Haque 1996). In Canada, most public servants considered the PS2000 initiative as a means to retrench the public sector rather than shifting to a “people-first” managerial culture, and their support for this reform initiative diminished as it led to the freezing of wages and reduction in managerial positions (Caiden, Halley, and Maltais 1995, 92). In France, because of the recent publicity of private sector success (compared to public sector performance), about 28.5 percent of senior managers and 59.1 percent of younger managers expressed that they planned to leave public service at least temporarily (Rouban 1993b, 406). In the case of post-reform Argentina, a 1996 survey showed that only 18.79 percent of the employees surveyed believed that there was a “good” public image of the civil service, while 31.53 percent of them believed that the image was “bad” (Oszlak 1997). In Brazil, public servants showed strong opposition to the market-oriented public sector reforms campaigned during the 1994 election (Carlos and Pereira 1997). These are examples of how public servants themselves have increasingly become skeptical towards the current businesslike transition in public service. This skepticism or lack of trust among public employees has been reinforced further due to their growing sense of job insecurity caused by the aforementioned policies of retrenchment and fixed-term employment adopted in both developed and developing nations (see Gray and Jenkins 1996; Haque 1998a).

In terms of the confidence of common citizens in public service, there are also negative trends in many cases. It has been observed that in countries such as Norway, the United Kingdom, the Netherlands, and the United States, there is an emerging crisis of public confidence with regard to the institutional integrity and representativeness of public governance (OECD 1996). According to some sur-
veys and findings, in the United States, between 1987 and 1992, the number of people expressing a fair amount of confidence declined by 26 percent in the case of federal government, by 22 percent at the state level, and by 13 percent at the level of local government (Thompson 1993, 11–14). According to Stonecipher (1998), the percentage of Americans believing that the federal government usually does the right thing declined from 75 percent in 1964 to 20 percent in 1994 to only 6 percent in the late 1990s. In terms of more specific public sectors, public confidence in the future of the social security program dropped from 65 percent in 1975 to 32 percent in 1982, which rebounded to 52 percent in 1990 but declined again to 40 percent in 1997 (Munnell 1998). According to a 1998 study, most of the Americans surveyed did not believe in the credibility of the NPR’s claims, and 61 percent of them did not believe that the federal government had become more efficient (see Kett 1998, 36).

In the United Kingdom, between 1986 and 1988, the percentage of citizens believing that they were getting “good value for money” from the public sector, declined from 57 to 56 percent in the case of public health service, from 36 to 29 percent in the road system, and from 73 to 69 percent in the police service (Haque 1998b). In both Canada and Norway, the recent trends have been towards the declining public trust in government institutions, especially in public agencies (see Landry 1993; Christensen 1997). According to various surveys conducted in the 1990s, in Australia, about 38.1 percent respondents find public sector services much worse than before; in Belgium, 27.7 percent have minimal confidence in the administrative system; and in Italy, 70–90 percent want the abolition of certain government ministries (Halligan 1997; Hondeghem 1997; Millar and McKevitt 1997). In the case of Japan, many university graduates now prefer to work in the private sector rather than the civil service (Pempel and Muramatsu 1995, 71). All these empirical manifestations imply the growing public dissatisfaction and distrust with regard to public service in advanced capitalist nations.

The trend of diminishing public trust in public institutions can also be found in many developing countries. In Brazil, Chile, and Mexico, the opinion polls and election results published during the second half of the 1990s show that there is greater public discontent with market-driven restructuring of the public sector due to its adverse impacts on poverty, corruption, health services, and social welfare; and the opposition movements against free-market policies have gained stronger grounds in these countries (Rotella 1997). Similarly, the recent studies demonstrate that public confidence in various government services (such as, health care and primary education) has declined in Bangladesh; the public perception of the civil service has been negative and cynical in the Philippines; and the majority of citizens in South Korea now believe that their civil servants are “less than ethical” (see Endriga 1997; Kim 1997; Zafarullah, Khan, and Rahman 1997). In some of the former socialist countries, the trend of public trust in public service appears to be even more disappointing. For example, in the postcommunist Russia, the latest polls suggest that less than 10 percent citizens have trust in government institutions, about 90 percent consider the current system of governance inappropriate, and 80 percent feel strong alienation towards various state agencies (see Kotchegura 1997). According to some 1994 opinion polls, the percentage of people without any confidence in government reached 80 percent in the case of Bulgaria; and the majority of the population held negative attitudes towards public employees in Latvia and Lithuania (see Vanagunas 1997; Verheijen 1997).

Second, with regard to the causes or factors affecting the public trust in public governance, there are multiple explanations. One commonly cited critical factor is the current anti-bureaucratic attacks launched by various neoconservative governments and international agencies. In the case of the United States, some studies demonstrate that the criticisms of state bureaucracy by political leaders have reinforced an unfavorable public perception about public servants and their ethical conduct (Frederickson and Frederickson 1995; Volcker Commission 1990). According to Terry (1997, 58), “the depiction of public administrators as villains [by politicians and others] has merely exacerbated antigovernment sentiments. In recent years, antigovernment sentiments have reached a dangerous level; federal civil servants, in particular, now fear for their lives” (ibid.). In developing nations such as Argentina, public bureaucracy increasingly bears a derogatory connotation (Oszlak 1997). In Korea, Taiwan, and India, market forces rather than government institutions have recently gained greater public recognition (Sobhan 1994, 27). In such cases in the developing world, international institutions like the World Bank, the International Monetary Fund, and the World Trade Organization have played a significant role in popularizing the “miracle” of market forces and reinforcing an unfavorable public perception of state agencies by disseminating market-biased assumptions and findings through reports, bulletins, training programs, workshops, and conferences (see Haque 1996; Martin 1993). This negative image of public service (as expansive, inefficient, and ineffective), portrayed by recent political leaders and international organizations, may have weakened its public support and confidence.

Another critical factor endangering this public confidence is the way public sector reforms have adversely affected various sections of the public. Recent studies show that in Africa, Asia, Latin America, and Eastern Europe, the major reason for public dissatisfaction with market-
centered reforms (especially structural adjustment programs) is the fact that such reforms have devastated local businesses by allowing foreign investments; marginalized domestic food producers who import various food items and hurt small farmers by cutting agricultural subsidies; impoverished workers by suppressing wages; reduce the power of unions by replacing permanent jobs with temporary ones; increased poverty and inequality by withdrawing social services; and worsened the situation of corruption in the process of selling public assets (Development Group 1999). With regard to these recent public sector reforms in developing nations, Hentic and Bernier (1999, 200) mention that trade unions are against wage cuts and dismissals caused by privatization and retrenchment; nongovernmental organizations are against reductions in social spending and adoption of user fee; and the private sector is against reduction in loans and subsidies. In postcommunist countries such as Bulgaria, Ukraine, the Czech Republic, and Slovakia, some studies demonstrate that within the emerging market atmosphere, there has been an increase in government corruption, exacerbating the negative public opinion about the public sector (Miller, Grodeland, and Koshechkina 1999).

Among public employees themselves, an antipathy toward the recent public service reforms has emerged due to their growing job insecurity caused by such reforms. At the level of senior civil service, the fixed-term contracts are increasingly replacing permanent appointments in countries such as Australia, Austria, Canada, Denmark, Finland, France, Germany, Ireland, New Zealand, Norway, Sweden, Switzerland, Turkey, the United Kingdom, and the United States (OECD 1997b). In addition, in most of these countries, the top civil servants are being directly recruited from outside (ibid.), which has negative impact on the morale of internal candidates hoping for promotion to such senior positions. Most critical, however, is the retrenchment of employees in the process of public sector reforms, which has affected lower-level public employees more severely. In the case of the United States, while the number of senior managers (GS 13–15) increased a bit, the number of lower-level employees (GS 1–4) shrank by a half (Kettl 1998, 19). This trend is not conducive to employees’ trust in public service reforms.

Although the above negative trends of public trust in public service in various countries may not have direct causal links with the recent market-driven reforms in the public sector, the concurrence of these two phenomena—the declining public trust in public service and the business-like transformation of the public sector—implies a potential correlation between them. There are cross-national differences in the potential impacts of such reforms on public trust. Compared to the situation in advanced capitalist nations, public trust in a business-like public service is likely to be more unfavorable in postcommunist countries where the living standards of common citizens—previously based on the provision of goods and services ensured by a state-centered public service—have diminished after the adoption of market-led reforms. Even within the same society, the public trust in the role of public service may vary among various social classes. The main thrust of the above discussion is the following: the recent empirical studies, surveys, and opinion polls (some presented above) demonstrate that public trust in public service has declined in many countries. Such trends of weakening public trust (which indicate the eroding publicness of public service) have coincided with these countries’ market-led public service reforms.

Implications and Recommendations

There are new challenges to the publicness of public service—including the eroding public-private distinction, narrowing composition of service recipients, weakening means of public accountability, shrinking role of the public sector, and rising challenge to public confidence—posed by its current businesslike reforms and their adverse outcomes. Despite cross-national and inter-regional variations in the intensity of these challenges, the common global trend is toward this diminishing publicness, which has critical implications for public service, especially for its identity, motivation, and legitimacy. For instance, the challenge to publicness posed by the erosion of public-private distinction—especially in terms of replacing public norms (citizenship, representation, impartiality, equality, and justice) with market values (consumerism, competition, productivity, and profitability)—is likely to worsen the existing “identity crisis” of public service as a public domain. Such erosion of public-private distinction may also worsen the “motivation problem” among public employees who are often inspired by intrinsic incentives such as the mission of public service to serve greater public interests rather than narrow private concerns (Haque 1996). This problem of employee motivation may be accentuated further due to the negative image, reduced role, and weakened capacity of public service resulting from its recent market-driven reforms. On the other hand, the challenge to the publicness of public service posed by its lower level of public confidence implies the exacerbation of its “legitimation problem.” Without its claim to an adequate degree of public trust, public service may increasingly suffer from a serious legitimation deficit.

What policy measures (practical and intellectual) can be recommended in response to the recent businesslike reforms in public service that represent critical challenges to its publicness and affect its identity, motivation, and legitimacy? In order to make policy recommendations rel-
evant to these businesslike reforms and their challenges, it may be necessary to refer to some of the major rationales on which these reforms have been undertaken or justified. Thus, to a certain extent, the recommendations presented below are in reaction to the proclaimed rationales of market-oriented reforms—that the public sector structures and norms are comparable to those of the private sector, that the private sector is more efficient than the monopolistic public sector, that the market-based approach is more conducive to fair allocation and distribution, and that market forces are more responsive and accountable than public agencies (see Okumura 1994). Although the focus of the remaining analysis is mainly on making recommendations to encounter the challenges of businesslike reforms to the publicness of public service, some references to such rationales of reforms are made to put these recommendations in perspective.

First, both the academics and practitioners need to introduce serious critical studies and debates on the use of private-sector concepts, values, structures, and techniques in public service that pose a challenge to its publicness in terms of the eroding public-private distinction. Based on the rationale that the activities and outcomes of both public and private sectors are similar and comparable, many ideas and principles (such as, competition, productivity, customer, market testing, value-for-money, and managerialism) have been borrowed by public service from the private sector. In opposition to this rationale underlying the current market-driven reforms, there has already emerged concern that there are considerable differences between public and private organizations, especially in terms of services they provide, clients they serve, and activities they perform (see Clements 1994; Kettl 1998). In this regard, it is necessary to critically examine the conceptual, normative, and structural comparability and interchangeability between the public and private sectors. Although there are scholars who have already adopted such a critical approach—including Clarke and Newman (1997), Frederickson (1997), Gregory (1999), Terry (1997), Thomas (1999), and Ventris (1989)—it is essential to expand such critical studies due to the immense ideological force and worldwide scope of current public sector reforms. In addition, education and training in public administration should encourage debates on the significance of public-private distinction and the feasibility of public-private exchange.

Second, it has become an imperative for the policy makers to reexamine the rationale that market-centered reforms in governance expand the base of ownership, ensure better allocation, and facilitate “popular capitalism” (Hamilton 1989; Okumura 1994), and to redress the adverse impacts of these reforms on the underprivileged or low-income citizens who have suffered economic losses and become victims of social exclusion during the recent decades. The exclusion of citizens from public sector services caused by the retrenchment of social programs, adoption of user fees, and use of customer-centered service delivery—which implies the narrowing scope of service recipients and weakening publicness of public service—is not unrelated to the fact that during the period of promarket reforms, the rich have become richer and the poor poorer in both developed and developing countries. Even in an advanced capitalist nation such as the United States, the 1980s and 1990s witnessed an increasing gap: there has been a decline of median family income by 14.6 percent for the poorest fifth, an increase in average family income by 25 percent for the top fifth, and an increase in income by 37 percent for the top five percent families (Bluestone 1995). In postcommunist countries like Russia, the conditions of poverty and inequality have worsened under the market-led reforms: during 1991–94, the share of a national wage bill for the top 20 percent of wage earners increased from 39.9 to 51.4 percent; and in 1994, while the richest 20 percent of citizens received 40 percent of the national income, the bottom 20 percent received only 8 percent of such income (Bessis 1995). The situation is even worse in developing societies: the percentage of people in poverty has increased in Africa and Latin America between the 1980s and 1990s (see Haque 1996).

In order to redress this growing poverty and inequality accentuated by the recent marketization process, Bluestone (1995) suggests policies such as the redistributive tax system comprised of progressive tax rates, and generous transfer programs like unemployment insurance and welfare assistance. In other words, policies should be adopted to compensate those who are worse off from market-led reforms. In addition to these redistributive policies, it may be necessary for the government to rethink the corporatization and privatization of basic services such as health, education, and housing, and to restore some of the services that have been retrenched in the name of efficiency.17 This is more essential in developing countries and postcommunist states where the private sector is still at the formative stage, and where the majority of the poor have hardly any option but to depend on the public sector for subsidized basic services. In undertaking market-biased reforms, the policy makers must take into account the abject socioeconomic conditions faced by the common people in these countries.

Third, there is a need for determining the nature and extent of the public sector role on the basis of objective criteria rather than market-biased assumption that the public sector is inefficient and ineffective in comparison with the private sector (Clements 1994; Haque 1996). Despite conclusions drawn from various case analyses and comparative studies that the performance of private enterprises is not always better than the public sector in all sectors and
in all countries (Das 1998; Haque 1996), the overgeneralized rationale of market efficiency vis-à-vis government inefficiency has encouraged many countries to change the public sector role from direct to indirect, rowing to steering, leading to facilitating, and active to passive, while expanding the role of the private sector. It is imperative to reexamine this assumption of market superiority, and delineate the appropriate roles of various institutions—including public agencies, private enterprises, joint ventures, volunteer organizations, and local bodies—based on the nature of socioeconomic sectors or service provisions under consideration.

In this regard, based on the public-versus-private-goods continuum, Richard Bately (1994, 498–9) suggests the following: (a) public goods with monopolistic tendencies and high externalities (such as, water supply and public health) should follow “pure government supply”; (b) small-scale public goods with limited externalities (such as, local roads and drainage) should adopt “community supply”; (c) public goods characterized by divisible production and well-managed contracts (such as, public works and accounting services) should rely on “government ownership but private production”; (d) excludable goods, which private firms can produce but government control is essential (such as, gas and electricity), should have “government ownership but private production”; (e) goods that have positive externalities and are more efficient when produced privately (such as, housing and education) should be based on “public subsidy for private consumption”; and (f) small-scale public goods that do not involve conflict of interests among the users (such as, community water and local schools) should follow the strategy of “user’s control over public supply.” In addition to this nature of goods and services, one needs to consider the newly emerging realities—including the need for maintaining the stability of national economies affected by the global market forces, overseeing the increased alliance between the local and foreign firms, regulating the activities of newly privatized or corporatized enterprises, coordinating the activities of recently created fragmented autonomous agencies, and redressing the adverse socioeconomic conditions of low-income families worsened by anti-welfare reforms—which may require a greater rather than lesser role of public service. In other words, in determining the extent and form of public sector role, it is imperative to follow these objective needs and criteria rather than the ideological predilections for the state or the market.

Fourth, although one of the common rationales behind the recent market-oriented reforms has been to increase the responsiveness and accountability of public service to its customers, certain basic features of these reforms (such as privatization, contracting out, public–private partnership, and autonomous agency) tend to pose a new challenge to accountability, because these business-like features may render the traditional democratic means of accountability, including parliamentary debates, legislative committees, and internal administrative controls, ineffective. It has been observed that, despite the anti-corruption campaigns launched by reform-minded political executives, there has been an increase in the cases of government corruption (see Frederickson 1997, 65; Kettl 1998, 30). In order to ensure public accountability, there is a need for redesigning the existing accountability measures and introducing new ones.

More specifically, it is necessary for the anti-corruption agencies to increase their vigilance over the newly created executive agencies enjoying unprecedented financial and personnel autonomy and dealing intensively with private contractors and business enterprises. This is more essential in the corruption-prone developing countries and postcommunist nations where the recent increases in joint venture, privatization transaction, local-foreign partnership and managerial autonomy have expanded opportunities for corruption. With regard to the situation in Slovakia, the Czech Republic, Ukraine, and Bulgaria, suggestions have been made to ask public officials to sign codes of conduct, to protect those exposing official wrong-doing, and to impose stricter controls and penalties (Miller, Grodeland, and Koshechkina 1999, 239).

It may also be necessary to introduce the provision requiring government employees to publicly declare their private assets, sources of incomes, and business involvements. Among Western nations, these declarations (mostly confidential) are required in Australia, Canada, Finland, Germany, Ireland, Portugal, Sweden, the United Kingdom, and the United States, and it is only in the United States where such declarations are fully public (OECD 1997b).

In the current businesslike atmosphere of public governance and new opportunities for corruption mentioned above, each government needs to adopt this provision, demanding the full public declaration of properties, incomes, and businesses owned or claimed by public officials. In addition, it is essential to facilitate free press and allow freedom of expression—especially in developing countries where press freedom and public voices are often suppressed—so that any form of mismanagement, unresponsiveness, and corruption can be exposed and redressed.

Fifth, despite the rationale of political leaders that public sector reform or reinvention can reduce people’s anti-government sentiment and revive their confidence in government, there is an increasing degree of public distrust or cynicism toward public governance (Berman 1997; Caiden, Halley, and Maltsis 1995; Kettl 1998), which implies its diminishing publicness discussed above. In strengthening this public trust, the implementation of the above recommendations—such as compensating the
people harmed by market-driven reforms, providing basic services to all deserving citizens (beyond customers), activating the public sector role based on practical needs (not market-biased assumptions), and strengthening the means of public accountability—may enhance public trust in public service. But more needs to be done in this regard, especially with regard to the public perception of public service affected by the recent episode of “bureaucrat bashing” by political leaders (Kettl 1998, 4; Pollit 1999, 126; Terry 1997, 55). With regard to the negative public perception of public governance in the United States, Terry (1997, 55) suggests that, although there is a multitude of factors affecting such a perception, “it is beyond dispute that the antigovernment rhetoric of the Reagan era had a significant influence on public opinion.” According to Kettl (1998, 6), many federal employees believe that government reinvention was a “political cover for an all-out assault on the federal workforce.”

In this regard, there is an urgent need to adopt a more objective approach to the assessment and interpretation of public service offered to the public, especially by elected political executives. It has become imperative today to overcome the value-laden images or metaphors presented by the critics and supporters of public service—including the portrayal of public service as a “villain” by politicians that ignore its positive contributions; the image of public service as a “hero” by its supporters that create unrealistic public expectation of public employees; and the view of public service as a “victim” that presents public administrators as passive and helpless individuals who cannot change their fate (see Terry 1997, 58–9). In order to establish a genuine level of public trust in public service, these biased interpretations have to be overcome, and more objective views have to be reinforced. More particularly, the political executives need to understand the dire consequences of a tarnished image of public service and its negative public perception for the legitimacy of the overall government (including themselves), and they have the obligation to present an impartial rather than a theatrical view of public service to the public.

Sixth, it is extremely important to consider the major contextual (economic and political) factors while designing and launching the market-driven public sector reforms. The cross-national and cross-regional variations in these contextual factors may determine whether such reforms will produce positive or negative outcomes and generate supportive or opposing public opinions. More specifically, in terms of a country’s economic context, the success of its businesslike reforms in the public sector depends on whether it has an advanced economy and market system; whether it has large entrepreneurs to buy and manage the privatized or contracted-out goods and services; whether the government is capable of regulating and monitoring all the privatized assets; and whether the government has the capacity to ensure an adequate degree of transparency in public-private transactions (Gormley 1994). With regard to the political context, the effectiveness of public sector reforms often depends on whether the public endorses such reforms; whether political leaders have the capacity and tenacity to face or co-opt the opposition forces; and whether the top policy makers themselves are seriously committed to these reforms (World Bank 1995).

Perhaps it is due to these contextual variations that, although many countries have introduced similar doses of business-friendly reforms, their economic outcomes differ considerably. Thus, in venturing into such changes in public service, it is imperative to study the context within which the changes are introduced. This cautious, contextual approach to market-driven reforms in public service would not only make the implementation of reform initiatives more effective or successful, it would also reduce the adverse socioeconomic impacts of such reforms on society and people.

Finally, in each country, the current and future generations of policy makers must evaluate the major national and international factors and forces that led to unprecedented market-driven reforms in the public sector. There is no doubt that some of the main factors requiring such promarket reforms in advanced capitalist nations, postcommunist countries, and developing societies were their prevailing economic disorders (including fiscal crisis, trade imbalance, external debt, hyper-inflation, unemployment, and so on) allegedly caused by an inefficient, expansive, and interventionist public sector (see Carlos and Pereira 1998; Haque 1996; Jiyad 1995). In order to overcome these economic problems, the governments in these countries decided to introduce cutback management, reduction in workforce, public-private partnership, joint venture, autonomous agency, and customer orientation (Haque 1998b; Kettl 1998; Pollit 1999). However, beyond these need-based factors, there are major ideological and political forces and vested interests that also led to the adoption of market-oriented reforms. For instance, since the late 1970s, the ideological shift toward a market-friendly neoliberal position has affected almost every government in the capitalist world, and this promarket ideological force played a crucial role in shaping policies such as privatization, deregulation, liberalization, subsidy cuts, and foreign investment (Martin 1993). In addition, in countries such as Canada, the United Kingdom, and the United States, political parties often used this reform agenda as a major campaign issue during elections (Kettl 1998; Pollit 1999; Savoie 1994). However, in developing countries and postcommunist states, in addition to this ideological shift, there are various external forces—especially international agencies such
as the World Bank, the International Finance Corporation, the International Monetary Fund, the Asian Development Bank, the U.S. Agency for International Development, and the Commonwealth Secretariat—which influenced the governments to undertake market-driven reforms (packaged as structural adjustment) by imposing such reforms as preconditions for foreign loans needed by these countries (Philip 1994). Moreover, there were international consultancy firms and experts and internal political and bureaucratic elites encouraging, designing, and benefiting from businesslike reforms in Asia, Africa, Latin America, and Eastern Europe (Cook and Kirkpatrick 1995; Martin 1993). In short, beyond the prevailing practical needs requiring market-driven forms, there were these internal and external forces that also reinforced such changes in public service.

Therefore, the present and future policy makers must examine these major forces—including ideological beliefs, political motives, and vested interests—which intensified the recent public sector reforms in different countries. In undertaking further reforms, they should be guided by practical needs, contexts, and objectives rather than the ideological, political, and economic beliefs and interests that have been quite influential in adopting recent policy reforms. This implies the need for a more cautious and rational approach to new initiatives, which may not only result in more need-based public sector reforms, but also demands the reversal of some of the current businesslike changes in public service that tend to diminish its major features of publicness.

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Notes

1. The dimension of legal ownership represents an important criterion to determine the degree of publicness according to scholars such as Bozeman (1987), Emmert and Crow (1988), and Frederickson (1991).
2. With regard to the uneven distribution of resources and incomes in the United States, it has been mentioned that those who possess economic power based on their control over economic resources usually possess the power in the political realm (see Bullock, Anderson, and Brady 1983). For an empirical discussion on the contemporary income distribution pattern in the United States, see Bluestone (1995).
3. For instance, one may argue that the public-private distinction is less clear because many public organizations are profit-oriented while private firms donate to public funds; that the narrow composition of the service recipients may eventually be broadened through the trickling-down effect; that the weaker role of public service can have positive social outcomes. One may forward reverse arguments that the public sector’s profit is eventually for the public well-being, while the private sector’s donation is to improve its image for making more profit; that the experiences show that benefits enjoyed by the affluent class hardly trickle down to the poor; and that a reduction in the public sector’s role (such as, through privatization) may or may not be positive, but it certainly shrinks public ownership.
4. For example, in order to ensure such growth and productivity, the regimes in countries such as Korea, Taiwan, and India have shifted their focus from social needs to the needs of market forces (see Sobhan 1994).
5. In Latin America, the period of economic reforms (the 1980s) saw an increase in urban poverty by 31 percent and rural poverty by 18 percent; and in Europe, the number of poor in 12 EEC (now EU) member countries increased from 38 million in 1975 to 53 million in 1992 (Bessis 1995).
6. The current market-driven reforms (especially privatization) have allegedly led to an increase in the rate of urban unemployment in Latin America from 5.8 percent in 1990 to 7.2 percent in 1995 to 7.5 percent in 1997 (Kagami 1999, 3).
7. There is a growing concern that the increasing transfer of government activities to private contractors and the conversion of public servants into contracting managers may diminish the role of public service in society and compromise the function of government itself (White and McSwain 1990, 33).
8. By the early 1990s, more than 7,000 state enterprises were privatized worldwide of which the developing world accounted for 2,000 (Haque 1996).
9. In the United States, during 1982–87, more than 99 percent of all local governments were engaged in contracting out, and 24 percent of these local governments had sold their assets (Clements 1994, 89). In England, 178 of the 366 local housing authorities had sold at least 25 percent of their stock by 1989, and 63 of them had sold at least 30 percent (Murie 1994, 112–3).
10. Between the periods 1980–87 to 1988–93, the number of privatization transactions increased from 210 to 254 in Africa, 136 to 561 in Latin America, and 108 to 367 in Asia (World Bank 1995, 27).
11. For example, in the United States, the Department of Health and Human Services shrank by 5 percent and the Department of Housing and Urban Development was down by 25.8 percent, while the Justice Department expanded by 22 percent (Kettl 1998, 19).
12. It has been mentioned that a new set of public sector activities—including regulation (currency, prices, banking, licensing), enforcement (police, surveillance), and extraction (taxation, information gathering)—are needed to deal with contemporary market-oriented policies such as divestiture, contracting out, and liberalization (Chaudhry 1994).

13. For example, in order to carry out market-driven policies, there has emerged a new set of public sector organizations such as the Privatization Commission in Pakistan and Sri Lanka, the Malaysia Incorporated Officials Committee, the Public Sector Divestment Committee in Singapore, the Public and Private Sector Committee in Thailand, the Committee on Privatization in the Philippines, and so on.

14. According to Berman (1997, 105), in recent years there has been a growing concern about public cynicism toward government, which indicates a lower level of public trust and public spirit.

15. In Russia, for instance, although 5 to 8 percent of the people have gained considerably from market-driven reforms, 50 percent now live below the poverty line, 30–40 percent earn less than $50 a month, the unemployment situation has worsened, and the average life expectancy has declined (see Haque 1999).

16. In the case of the United Kingdom, according to a 1994 opinion poll, while 85 percent of the working-class people perceived the scope of public sector activities as “too little,” about 75 percent of the affluent-class people believed that the scope was “too much” (Hastings and Hastings 1996, 148).

17. It is imperative to emphasize that even when the corporatized or privatized enterprises become more efficient, such an increased level of efficiency does not always benefit or trickle down to the common citizens. In addition, an overemphasis on efficiency may compromise public concerns such as equality and representation that constitute the basic features of public service (Frederickson 1991).

18. For example, many Asian countries encountered various contextual barriers to market-based reforms—the Philippines had strong political opposition, Malaysia experienced labor opposition, and Thailand faced resistance from the vested bureaucratic interests (Toh and Low 1991).

19. In the 1980s, despite the similar higher level of emphasis on business-centered principles associated with New Public Management, the economic performance was medium-high in Sweden, low in New Zealand, and medium-mixed in Australia, Canada, and the United Kingdom; and despite the similar lower level of emphasis on these business-centered principles, the performance was high in Japan, medium-high in Germany, and medium-low in Greece and Spain (Hood 1996, 278).

References


