

Commentary

What We Have to Show for 30 Years of New Public Management: Higher Costs, More Complaints

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“New public management” (NPM)—that now-hackneyed shorthand phrase for a set of loosely related ideas about government and public service reform—was ostensibly intended to create “a government that works better and costs less” (in the famous words of the United States’ 1993 National Performance Review, reworking Bentham’s famous “aptitude maximized, expense minimized” slogan of nearly two centuries before). So what do we have to show for three decades or so of NPM reforms? The short answer seems to be: higher costs and more complaints.

That question is important because such widely different and often extravagant claims are made about the effects of NPM. While slogans and linguistic fashions change, many still see the qualities associated with NPM—such as a firm focus on management for performance, measured performance outcomes, disaggregation and competition in public services—as positive for cost and quality and such items still regularly appear in schemes for reform. But others argue with equal or greater passion that NPM-type measures have a deeply negative effect on many important administrative values. And perhaps the commonest view among students of government is the “get-what-you-pay-for” view that NPM reforms put too much emphasis on cost cutting and in the process damaged some traditional and important “Weberian” qualities of administration such as fairness and consistency, the careful framing and application of rules.

While the voluminous NPM literature is long on assertion and anecdote on such issues, systematic evidence remains elusive. In the absence of comprehensive over-time comparative data, we have to rely on discrete case studies. And one particularly critical case for evaluating the various and contradictory claims about the effects of NPM over time is that of the United Kingdom. That is because the United Kingdom is so often cited as a leading case—indeed, for many the “vanguard state”—of a country embracing successive NPM-style reforms of its public services. So if clear cost and quality effects of such reforms are to be found anywhere, they ought to show up in three decades of UK experience.

Of course the United Kingdom’s record over such a period is not easy to assess, for reasons familiar to historians and evaluation researchers. Participants’ memories are inevitably selective and there are increasingly frequent breaks in

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administrative records. Many things other than NPM reforms happened in government and public services over the past three decades, notably the digital revolution that transformed work and transactions across economies and societies (and for which large claims were also made about cost saving and quality improvement), raising tricky causal-attribution issues.

Against that background, our new study, *A Government that Worked Better and Cost Less?*, to be published in April 2015, looks carefully at such evidence as is available over 30 years on UK central and local government running costs and the incidence of challenges to the fairness and consistency of public administration via ombudsmen and the courts. That analysis seems at first sight at least to offer more support for the views of NPM skeptics than to NPM advocates. Complaints about maladministration to ombudsmen did indeed soar, particularly in the 1990s, while judicial challenges rose markedly, suggesting there is a definite case to answer on the consistency-and-fairness issue.

Yet, far from falling (as the “get-what-you-pay-for” view of NPM implies), reported administration costs in fact rose substantially—no less than 40% or so in constant prices—over 30 years. And that running-cost increase occurred in spite of a reduction of roughly a third of civil service numbers over the three decades. That fall in civil service numbers far exceeded Milton Friedman’s call for the removal of one civil servant in six, widely dismissed as just a far-right fantasy when Friedman first floated the idea in the 1970s.

Worse fairness/consistency performance combined with worse running-cost performance at first sight looks like a clear case of getting the worst of both worlds in the NPM era. On the other hand, such evidence is rather more nuanced than out-and-out NPM skeptics might expect. Yes, the recorded incidence of formal challenges over fairness and consistency in UK public administration grew substantially over the period. But survival rates—those challenges that survived a first-stage filter, where such filters existed—fell sharply at the same time. Moreover, such consistent survey data as are available over several decades do not indicate a clear collapse of trust and confidence in government and public services, even though it is commonly alleged that such a collapse of trust took place.

Moreover, while the running costs of civil departments rose by about two-fifths in constant-price terms, total public spending roughly doubled over the same period, such that running costs took up a smaller proportion of public spending at the end of the 30-year-period than they did at the start. The same went for tax collection costs relative to total revenue.

It is indeed striking that such a large reduction in civil service numbers failed to cut absolute running costs (or even—still more remarkably—paybill costs). But overall, the evidence in our study seems to point toward a less than dramatic conclusion: that government broadly worked a bit worse (on fairness and consistency) and cost a bit more. In other words, these findings diverge from the dramatic expectations that are suggested by both pro- and anti-NPM hype.

What we need now is more work on comparative case studies of what happened during the NPM era to running costs of government and public services—research that is mostly notable for its absence, despite the centrality of that issue to the evaluation of NPM. We also need more work on indicators of rule-of-law

performance over time (currently conducted mostly through elite surveys that are not well adapted to pick up changes over time or small differences between developed countries). And if the story of the NPM era in the United Kingdom is indeed one of “cost more, worked worse,” we need to work out how to evaluate and compare how the various “post-NPM” approaches to public management perform on such indicators.

CHRISTOPHER HOOD and RUTH DIXON, both from the University of Oxford, are authors of *A Government that Worked Better and Cost Less? Evaluating Three Decades of Reform and Change in UK Central Government* (Oxford University Press, April 2015). More details on <http://xgov.politics.ox.ac.uk/>.
