

## INVITED EDITORIAL

### The UK NPM Reforms

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#### Abstract

The United Kingdom was a "vanguard state" for experimentation with administrative reforms that came to be known as the New Public Management or NPM strategies aiming market orientation of the public sector. After three decades, what results has NPM produced in the UK? This is a review of a research report by **Christopher Hood** and **Ruth Dixon**, who tries to explain maladministration and judicial challenges to nUK government actions.

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**Keywords:** NPM, reform, administrative strategies, administrative traditions

#### The report

**Christopher Hood** and **Ruth Dixon (2015)** address that question in a report: *A Government that Worked Better and Cost Less? Evaluating Three Decades of Reform and Change in UK Central Government*. The title points to the former Prime Minister Margret Thatcher's promises in 1970s as part of her politics of neoliberalism. In short, the conclusions of the report is formulated as these: In the period, 1) the complaints about maladministration following NPM and judicial challenges to government action increased markedly while 2) administrative costs "rose substantially" in real terms. On the other hand, 3) trust in government did not collapse, as many critics of NPM feared but the overall accountability declined in the public domain. 4) The administrative costs did take up a growing share of total public spending. The overall conclusion is this: 5) Government worked a bit worse and cost a bit more.

The difficulty is that the major position of this study is not clear. I do not find whether the Hood/Dixon piece are affirming a universal relevance of the findings, or if they focus on distinctive conditions and administrative prevailing just in the UK.

Let us have a look on the historical background of the UK reform, and why NPM became political attractive.

We have learned that countries reforming experiences demonstrate that the same reforming strategies perform differently and produce very diverse results in contextual different social models and traditions (Knill 2001, Veggeland 2007). The UK management study seems not to be quite aware about that. Accordingly, this variation in reforming experiences reflects the disparate institutional structures and environments that confront the reformers. A principal lesson to emerge from this review is that the establishment of a social-institutional paradigm is contextually dependent (Knill 2001), thou reforming strategies ought to be studied in the framework of an individual country's context, its policy and governance traditions. These differences are reflecting the social-institutional national paradigm in which the reforms they are launched.

### **The Two Ms explanations**

The UK's three decades of NPM reform in the sphere of public services builds on a completely new world with new standards of efficiency, new high growth of sectors, new location patterns, new models for management and organizational principles. Christopher Pollitt and Geert Bouckaert (2004) have made a very fruitful contribution to the conceptualization of the management side of the new socio-institutional paradigm of the NPM reform strategy that has arisen out of the hollowed-out Keynesian interventionist state model of the 1950-1960s. The authors have identified two M-strategies especially relevant for the UK as paradigmatic notions of Government choices of action when struggling and seeking solutions to the pressure of the crises in the Western economies, that is, caused by the 1970-80s stagflation crisis and later on the financial crisis (2004: 188):

- Minimize
- Marketize

**Minimize:** According to Pollitt and Bouckaert (2004: 188), minimizing the administrative system by privatization was in political economic terms part of the new but path-dependent socio-institutional paradigm: handing over as many tasks as possible to the market sector directly through privatization and indirectly through contracting out, that is, outsourcing. This become the main strategy of the UK government for the late thirty years according to Hood and Dixon (2015). It is causing the 'hollowing-out' of the state apparatus. It represents a socio-institutional arrangement in which social security and public services of all kinds, such as social and health services, physical infrastructure, transport and welfare services are all heavily been privatized.

Minimalist government of the UK type, in accordance with its “small state” administrative tradition rejects the idea that Governments can be organized to act in the best interests of the economy and the public in general. In Schumpeter’s world, public rulers are considered “able” because they win votes, not because they have governed or will to govern well in socio-economic sense (Kuper 2004: 98). Policies for tax cuts and low interest rates targeting an increase in aggregated consumption and investment in the private sector (in accordance to classical Ricardo’s principles of (always) reinvestment of surplus capital by then capitalists) accompanied the minimizing strategy. In sum, it represents the political economy of the strategy to minimize the public sector. Mostly the strategy got relevance to the strained Anglo-Saxon/UK model and administrative tradition studied by Hood and Dixon (Hood and Dixon 2015, Veggeland 2015, 2007).

**Marketize:** Marketizing of the public sector and its administrative system was a NPM-strategy for instituting as many Market-Type Mechanisms (MTMs) as possible within the public sector, with public ownership but privatizing by outsourcing. This model also attracted the UK administrative “small state” government tradition. It implies a redefinition of the economic rules of public policy in the UK. The MTMs also transformed the traditional perspective of government’s belief in market competition to a wave of NPM reforms Marketizing questions all forms of protective measures, rules and barriers, and consequently has an impact on social-institutional paradigms and legal policies (Djelic 2006).

Thus, Hood and Dixon write about the UK that the complaints about maladministration and judicial challenges to government action increased markedly while administrative and the transaction costs “rose heavily in real terms” in the actual period. This because the state apparatus became fragmented and governance authority became distributed among a manifold of public and private actors (OECD 2002).

Political emphasis on the achievement of result from unelected bodies (Vibert 2007) through the means of flexible organizational structures and public-private competition was evident. The political promise was increasing efficiency, user-responsiveness and accountability - the result, as shown by the important Hood and Dixon in their report, became the opposite. Learning by doing: can we expect a new wave of administrative reform in the UK after the report’s massive conclusion?

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