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A Critique of the New Public Management and the Neo-Weberian State: Advancing a Critical Theory of Administrative Reform

William N. Dunn · David Y. Miller

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Abstract The New Public Management (NPM) has often been favorably contrasted with European Public Administration (EPA). This paper attempts to balance this Anglo-American perspective with a relatively new European critique of NPM which its authors call the Neo-Weberian State (NWS). Despite their differences in some key respects, however, it is argued that the NPM and NWS are similar in their sweeping paradigmatic character, their ambiguities and internal inconsistencies, their inability to go beyond instrumental rationality and incorporate forms of hermeneutic and critical reason, and in their advocacy of bureaucracy via participation under certain historical conditions, hence consistent with Weber's characterization of modern organization and management. The paper, based on the authors' rendering of critical social theory, provides a fresh means for bridging the two perspectives.

Keywords New public management · European public administration · Neo-Weberian state · Bureaucracy · Critical theory · Administrative reform

Today, a fundamental disagreement drives trans-Atlantic discourse on public administration reform. The focal point of this disagreement is the New Public Management (NPM), a program for governmental transformation initiated in the 1990s and captured by the concept "reinventing government." In the USA, major works on NPM appeared throughout the 1990s and continued into the first years of this century (Osborne and Gaebler 1992; Osborne and Plastrik 2000; Barzelay 2001). At virtually the same time, European writers and those working in a European tradition began to challenge and reject NPM. Ironically, while NPM advocates continued to call for the end of

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bureaucracy—a purpose epitomized by the titles *Breaking Through Bureaucracy* (Barzelay and Armajani 1992) and *Banishing Bureaucracy: The Five Strategies for Reinventing Government* (Osborne and Plastrik 1999)—critics began to call for the replacement of NPM with what might be seen as its nemesis, the Neo-Weberian State (NWS; Peters 2001; Pollitt and Bouckaert 2004; Drechsler 2005).

This paper takes seriously the rival claims of participants in the present debate. At the same time, it also aims to develop a critical synthesis that transcends both. To accomplish this ambitious end, an integrative framework is required, a framework that asks the same questions of NPM proponents as it does of supporters of the NWS.

The common framework used to assess NPM and NWS is based partly on the hermeneutic tradition of Gadamer (1975) and partly on critical social theory developed by the Frankfurt School and chronicled by Martin Jay in The Dialectical Imagination: A History of the Frankfurt School and the Institute of Social Research 1923–1950 (1973), in the main works of Jurgen Habermas (e.g., 1971, 1975, 1996; also see References), and by American and European writers who have applied critical social theory to issues of public administration and policy (e.g., Dunn and Fozouni 1976; Denhardt 1981; Healey 1993; Fischer and Forester 1993; Diesing 1999; Miller and Dunn 2007).

It is important to recognize at the outset that even if a successful application of this framework to the current debate is made, the practical consequences of such success cannot be known in general or in advance. Indeed, part of the central argument is that a critical theory of administrative reform must recognize that theory-guided change is historically contingent and fallible, conditioned by communicative transactions between rulers and the ruled, managers and the managed, service producers and consumers, and ourselves as academic parties to the debate. What is required is an open, reflective discourse about the ends and means of states and governments.

The first section offers a broadly accepted definition of NPM that eliminates some of the cacophony surrounding it. The second section presents what has come to be known as the Neo-Weberian State (NWS), a new approach to administrative reform developed in Europe, primarily as a challenge to NPM. The NWS challenge began as anti-theory; as such, it has been more concerned with demolition than with constructive criticism. NWS has also been hampered by the unresolved ambiguities of the NPM paradigm and a mistaken identification of NPM principles with those of Reagan–Thatcher reformers and ideologues. The third section lays out a critical theory of administrative reform and introduces a framework that can be applied to both sides in the NPM–NWS debate, exposing limitations of both that can be overcome in principle, if not in practice. Our conclusion is that NPM and NWS, as practiced but not necessarily in terms of its potential, embody a commitment to a kind of instrumental rationality that has made it difficult for both to understand the contexts of meaning surrounding administrative reform and deal with matters of public ethics surrounding the role of individuals and communities vis-à-vis states and governments.

New public management

NPM is ostensibly a new paradigm of government that Osborne and Gaebler (1992) announced under the banner of "reinventing government." Motivated in part by

Thomas Kuhn's *The Structure of Scientific Revolutions* (1970), NPM was hailed as a sweeping fresh worldview full of new ideas, issues, and recipes for reform. The breadth of the new paradigm, along with its tendency toward overstatement, permitted and even encouraged a range of mistaken interpretations, pro and con.

NPM can be viewed as a set of operating principles captured by Osborne and Gaebler (1992) and Osborne and Plastrik (2000). The authors of NPM did not base their operating principles on a well-defined theory, but as practical solutions to the operational problems confronting governments. Their operating principles were what they referred to both as a blueprint for and paradigm of governmental transformation. Although NPM proponents saw the new paradigm as a synthesis of actual experiments at all levels of government, particularly local government, most governmental institutions were seen as unresponsive, inefficient, and failing in most other commonly held measures of performance. Among NPM remedies, one in particular—the outsourcing of public services as a means to achieve new efficiencies—generated heated debate. The debate drew attention to excesses on the part of pseudo-NPM devotees who, contrary to Osborne, Gaebler, Plastrik and others, mistakenly believed that literally any government or governmental service could be run like and by business. This obscured the many meanings and deeper implications of NPM.

In *Reinventing Government* (1993), Osborne and Gaebler identify a number of principles that represent an operational definition of NPM. The first is that governments have a responsibility to "steer" the delivery of public services. This principle reflects a notion that governments do not necessarily have to deliver public services in order to be responsible for that delivery.

The second principle is that government ought to be "community-owned" and that the fundamental role of government is to empower citizens and communities to exercise self-governance. To that end, governments should maximize the participation of the broadest possible number of people and institutions in the decision-making process. This principle is anti-hierarchical, anti-bureaucratic, and contextual, in that the way a particular public service is delivered is a function of the specific community contexts in which participants decide how services are to be delivered. Related is the principle of empowerment, which Osborne and Gaebler (1992: 73) describe under the heading "Empowering Citizens through Participatory Democracy." Because governments ought to be based on a sense of "community-ownership," they need to empower citizens and communities to govern themselves through democratic participation. This idea stands in sharp contrast to the belief that citizens are "clients," mere recipients of public services who do not have to be actively engaged in the process of deciding what those services should be.

Another principle involves competition. Although competition is often viewed merely as a means of delivering a particular good at the lowest possible cost, NPM had a much broader perspective. Further, competition in general will not solve all problems.

> If competition saves money only by skimping on wages or benefits, for instance, governments should question its value. Nor are we endorsing competition between *individuals*. Merit pay for individual teachers...just sets teacher against teacher and undermines morale...merit pay for *schools* is

another matter. Competition between teams—between organizations—builds morale and encourages creativity (Osborne and Gaebler 1992: 79–80).

Equally important, competition can stimulate newly empowered citizens to create new and better ways of providing public goods to themselves and their fellow citizens. Sometimes competition means that various public and private firms compete to procure the rights to deliver a public service. It also means that departments within a government must compete for limited public resources and that communities must compete with each other to offer fresh and original ideas. This principle is related to that of leveraging market forces and utilizing market-based strategies in the delivery of public goods, provided that the resultant competition is not inappropriate. The emphasis of market-based strategies presumes that there is no one way to deliver a public good and that a variety of potentially appropriate delivery mechanisms are possible.

Another principle is that governments should be driven by their missions. The enforcement of rules, per se, may be insufficient; it is the purposes for which agencies are created, not only their rules, which should drive them. Along with a mission orientation is the principle that agencies should be judged by the results of their actions, which are assessed against an organization's mission, goals, and objectives (not merely standard operating procedures and written rules). Organizational processes like the budget cycle should be directed in accordance with costs and benefits of outcomes, not only on the basis of inputs (staff, space, resources).

Results-oriented government is empty without citizens who participate in the creation of objectives against which results are assessed. For this reason, as a matter of principle, citizens are seen as customers of the organizations which provide public goods. This notion of "customer," although it is predicated on the value of choice, differs from a market-defined notion of customer. Citizens are not mere customers for private goods any more than they are "clients," as noted above. Customers are, in effect, citizens who have a right to choose among competing approaches to the delivery of public goods. Along with the principle of citizen-customer choice is the principle of governmental entrepreneurship. Agencies must "earn" their resources by demonstrating the public value that would result from the "investment" elected officials make in them. This perspective has the units in an agency competing with each other by "selling" to the elected officials a greater public good than that offered by the other agencies. Agencies should also have an anticipatory and preventive orientation rather than a reactive or even curative one.

These principles were subsequently reduced and converted into an implementation plan with five elements (Osborne and Plastrik 2000): core, consequences, customer, control and culture.

Creating a clarity of aim, or *core*, allows the organization to focus on the key items that will achieve its ends. The phrase "clarity of aim" is used to connote the efforts that an organization must pursue to communicate to affected stakeholders, employees, and the public its vision, mission, strategic goals, outcomes, and relevance. The openness of communication and the transparency of the organization in serving its public purpose is essential. The tools to accomplish this task include strategic management, performance budgeting systems, and policy analysis-program evaluation monitoring and evaluating systems. NPM may also challenge the notion

of the traditional hierarchical organization where the pyramid places the managers at the top and the workers at the bottom. It turns that pyramid upside down and recognizes that the workers (the ones who actually deliver the public good) are the most important members of the organization and should, therefore, be at the top. The role of management is to support the new top of the organization.

There need to be *consequences* to the actions of organizations, individuals, and collectives so that those actions have meaning and impact on the public. Connecting consequences to our actions seems overly obvious. But, on reflection, it is not necessarily the way governments and bureaucracies have operated. Individuals, bureaucracies, collectives, and communities that take actions should do so anticipating that there will be results (consequences) associated with those actions. It is desirable that all actions taken have positive consequences, and we would certainly want to pursue public policies that would generate the most possible positive consequences. If the actions of any of the above actors had no consequences, we would ask why activities were undertaken in the first place. If there were negative consequences, we would ask that those who generated those consequences be held accountable. Public activities can be assessed for the consequences they create, and the actors, either individually or collectively, should be acknowledged when they create and produce positive consequences or penalized when they create negative consequences.

Focus on the *customer* recognizes that the purpose of public service is the delivery of a public good to citizens; the term "customer" is one that does not "roll off the tongue" easily when referencing public goods. Customers, after all, buy hamburgers and shoes, not affordable housing and public safety. Or do they? Being a customer implies several elements. The first is choice, to decide whether to engage and, if so, with whom. The second is equality of condition, in the sense that the customer is neither superior nor subordinate to the individual, collective, community or bureaucracy. Knowledge, interest, power may be asymmetrical, but the fundamental right of the citizen-customer to participate is a choice of that customer.

Shifting *control* from the top or center downwards empowers individuals, organizations, and communities to address public problems. Shifting control away from the top and center has the effect of empowering organizations, employees, and communities to engage in deciding what governments should do and the outcomes that they should achieve. The act of empowering requires participation from all parties and open and free communication to allow each party to do that which they are called upon to do. Empowering organizations allows the parts of that organization that are best able to implement desired organizational outcomes to do so. Empowering employees allows front-line governmental workers to use organizational resources to achieve results. Empowering communities creates power-sharing between the government and affected communities and shifts control from bureaucracies to those communities.

Change the organizational *culture* of public agencies by changing the habits, touching the hearts, and winning the minds of public employees. The culture strategy refers to creating a bonded relationship between the bureaucracy's employees and the agency. The desire is to create a feeling within the organization that its employees' higher-order psychological needs for self-actualization can be met as the employees engage in the activities of the agency as active participants in

the design and implementation of the good consequences that should be the outputs of any public agency. This requires the organization to "touch the hearts" and "win the minds" of its employees.

The neo-Weberian state

The NWS was developed in a context of concern with the inadequacies of NPM and other managerial reforms imported from the USA. There are several major foci of the NWS critique. The first and perhaps most important is that NPM does not provide for a strong state that can manage the many internal and external challenges facing newly independent states, including civil services plagued by domestic ethnic strife, hyper-pluralistic political party systems, weak systems of economic, health, and environmental regulation, and national economies that are often virtually powerless in the face of external penetration and control by the IMF and the World Bank.

Second, it is widely believed that NPM has failed, for the most part, in achieving the goals set forth by its American and British advocates, particularly the goal of achieving more effective and efficient public organizations in developing countries in Central and Eastern Europe (CEE) and the Commonwealth of Independent States (CIS; Drechsler 2005). What systematic empirical reviews that do exist, including those sponsored by international NPM advocates such as World Bank (see Manning 2000/2005), tend to support the NWS critique. Although there are a few very optimistic accounts (Kettl 2000), these should be read in conjunction with Schick's carefully circumscribed account (1996) of New Zealand. It should be noted that the same author is unequivocally negative about the desirability of transferring NPM to developing countries (Schick 1998; see also Polidano 1999).

NWS proponents also see in NPM a misplaced emphasis on improving management functions, a new form of "managerialism" that neglects wider governmental, political, and socio-cultural contexts. Although at first blush this criticism seems sound, NPM originators are vague on this point. Although "reinventing government," the managerial and marketing hallmark of NPM, was not primarily a strategy for reforming politics, policy, or governance, Osborne and Plastrik (2000: 2–3) acknowledge that political, legislative, and parliamentary reform is critical to the success of the management and governance reforms that lie at the heart of NPM. Although they emphasize that reinvention is about governmental, not political, reform, it seems clear that the latter is at least a necessary condition of the former.

NWS critics have accepted surface features of NPM, as stated in the titles of books—for example, *Banishing Bureaucracy*. However, on closer reading, it becomes apparent that NPM does not intend to replace bureaucracy in the systematic sense with which the term has been used in scholarly and professional circles since Max Weber (see in particular Mouzelis 1967). Originally, reinventing government did not call for the abandonment of bureaucracy; it called for maintaining the bureaucratic model in some organizations, and its reduction (not elimination) in others. Governmental reform was placed along a continuum, from entrepreneurship at one pole to bureaucracy on the other. In their chapter titled "An American

Perestroika"—itself a fascinating reversal of metaphors of reform—Osborne and Gaebler affirm that "the bureaucratic model worked superbly" before 1945, in the unstable political and economic environments present in the USA between World War I and the Depression and World War II. Even now, they contend, the bureaucratic model is appropriate under a range of conditions:

> Bureaucratic institutions still work in some circumstances. If the environment is stable, the task is relatively simple, every customer wants the same service, and the quality of performance is not critical, a traditional public bureaucracy can do the job. Social security still works. Local government agencies that provide libraries and parks and recreational facilities still work, to a degree (Osborne and Gaebler 1992: 15–16).

The NWS builds on key principles for European public administration put forth by the Organization for Economic Cooperation and Development (OECD 1999). Because the design of national public sectors in the European Union is left as much as possible to each state, the legal and institutional framework of the *Acquis Communautaire* is based on broad principles and directives that may be harmonized with the specific contexts of the original European Union and later accession states. This situation is not unlike that of the USA vis-à-vis the country's 50 constituent states.

The first broad principles of the *Acquis Communauitaire* are those of reliability and predictability, which among other things serve to eliminate arbitrariness in the delivery of public services. Operationally, this means that governments conduct themselves according to rules that ensure the appropriate exercise of administrative discretion, procedural fairness, proportionality, and professional integrity. Related principles govern openness and transparency, such that the organization's activities must be available for scrutiny and supervision. Another principle is that of accountability, according to which a ministry is "answerable for its actions to other administrative, legislative, or judicial authorities" (Rutgers and Scheurs 2000: 624). Finally, the past and anticipated future outputs of governments should be subjected to monitoring, evaluation, and Regulatory Impact Assessment (RIA), a specifically mandated form of social, political, and financial forecasting (Staronova et al. 2006). Outcomes of governmental activity should be anticipated in advance in order to prevent problems rather than chase them.

The NWS incorporates these principles but goes beyond them. Wolfgang Drechsler (2005) and administrative reform scholars Christopher Pollitt and Geert Bouckaert (2004) refer to a specifically European perspective of bureaucratic organization based on (but not identical to) that of Max Weber. This neo-Weberian perspective appears to yield at least four principles:

- *Centrality of the State*. This principle, taken for granted in the USA and other states with superpower status, would ensure that weak states have the political, organizational, and managerial capacity to deal with domestic and international problems surrounding globalization, environmental threats, demographic challenges, and technological innovation.
- *Reform and Enforcement of Administrative Law*. This principle would guarantee equality for all individuals and groups before the law, protect against arbitrary

and unpredictable actions by state agencies, and provide for specialized state scrutiny of state actions.

- *Preservation of Public Service*. This principle would maintain the idea of a public service with a distinct status, culture, and terms and conditions of employment, characteristics which are often ignored or simply missing in post-socialist EU accession states, where civil servants are poorly paid, poorly educated, and subject to demotion and removal by political authorities.
- *Representative Democracy*. Representative democracy is a basis for legitimating, controlling, and maintaining the stability and competence of the public bureaucracy. This principle, central to Weber's concern with parliamentary control of bureaucracies, separated Western Europe from Russia and then later the Soviet Union, where the bureaucracy was unstable, unreliable, inefficient, and "unbureaucratic" (in Weber's sense) because it could not maintain its neutrality in the face of external political control (Bendix 1989: 384–85).

Drawing on the discussion of the NWS by Drechsler (2005), we find new principles that not only go beyond Weberian bureaucracy, but also mirror principles of NPM.

- *External Orientation Toward Citizens*. This principle represents an outward shift away from internal bureaucratic rules toward the needs, values, and perceived opportunities of citizens. Similar to the "consumer-orientation" of NPM, external orientation is based primarily on a professional culture of quality and service, supplemented in some appropriate cases by market mechanisms.
- *Supplemental Public Consultation and Direct Citizen Involvement*. This principle, which supplements but does not replace representative democracy, provides for a range of procedures for public consultation as well as direct representation of citizen views. This is similar to citizen and community control under NPM.
- *Results Orientation*. This principle encourages a greater orientation toward the achievement of results, not only the consistent following of formal procedures. Virtually identical to that of NPM, a results orientation works *ex post* as well as *ex ante*, incorporating monitoring and evaluation as well as the special type of forecasting undertaken under procedures of Regulatory Impact Assessment (RIA).
- *Management Professionalism*. This principle governs the acquisition of professional knowledge and skills by civil servants, so that

> the 'bureaucrat' becomes not simply an expert in the law relevant to his or her sphere of activity, but also a professional manager, oriented to meeting the needs of his or her citizen/users (Pollitt and Bouckaert 2004: 99–100; quoted by Drechsler 2005: 6).

Critical theory as framework

As we have seen, NPM and NWS are similar in terms of the virtually identical nature of many of their principles. While some principles are distinct—for example,

the guiding role of the state is central to NWS—it appears that most others represent a distinction without a difference. Both perspectives are also abstract, sweeping, and often ambiguous, leaving much to the imagination. Both tend to ignore the mixed or plainly ineffective results of organizations that have historically been governed by their principles. Both embody a techno-utilitarian perspective that in most respects resembles the kind of instrumental rationality that Max Weber exposed, criticized, and feared because it could foster a decline of democracy and individual freedom (Mouzelis 1967: 26). Finally, NPM and NWS both ignore other forms and contexts of rationality that are central to administrative reform in democracies.

Critical theory is centrally concerned with the same problem as NPM and NWS—*namely, the problem of bureaucracy and the bureaucratization of state and society.* Weber argued that bureaucracy was the embodiment of instrumental rationality, which was seen as an instrument of control. Bureaucratic administration is "rational" because control is exercised on the basis of scientific and technical knowledge. In Weber's words:

> The decisive reason for the advance of bureaucratic organization has always been its purely technical superiority over any other form of organization....Precision, speed, unambiguity, knowledge of files, continuity, discretion, unity, strict subordination, reduction of friction and of material and personal costs—these are raised to the optimum point...(Weber 1926, in Gerth and Mills 1946: 214).

Thus described, bureaucracy is the main point of departure for Habermas in many of his works. In *Toward a Rational Society* (1970), he presents a frontal attack on bureaucracy in his critique of the domination of public life by instrumental rationality and science and technology as ideologies in disguise. Although instrumental rationality has achieved its most developed form in the contemporary period, its origins lie in the universal drive towards the domination of human and material nature (Leiss 1972). Today, science, technology, and professional expertise take on this role, so that the task is to recognize that science and technology—including "social technologies" such as public administration and policy analysis—represent the domination of instrumental rationality in the public sphere.

Instrumental rationality represents but one form of rational inquiry and problem solving. There are two others, one based on the hermeneutic (interpretive) tradition established by Vico, Gadamer, and in part Weber himself; the other based on the emancipatory tradition of ethical and moral thought in Europe and North America. In this context, different types of interest guide three types of rationality:

- *Instrumental Rationality.* This form of reasoning guides the empirical-analytic sciences and social and management technologies, including public administration and policy analysis and the latter's embodiment in Regulatory Impact Assessment (RIA) within the European Union. The primary interest underlying instrumental rationality is the *control* of human and material nature on the basis of knowledge.
- *Hermeneutic (Interpretive) Rationality.* This form of reasoning guides the interpretation of written texts (originally Biblical texts) and, more importantly, texts in the form of subjectively meaningful human action. The hermeneutic sciences include a range of qualitative methodologies such as phenomenology,

ethnomethodology, and, in a specific sense, the *verstehende sociologie* (sociology of interpretive understanding) of Weber. The primary interest underlying hermeneutic rationality is to reduce or eliminate the distorted communication created in large part by the sciences, social technologies, and expert professions through understanding the language and purposive actions of individuals and groups.

- *Critical (Emancipatory) Rationality.* This form of reasoning guides the process of achieving freedom from distorted communication, freedom from reified concepts created by the professions and sciences, freedom from false beliefs that political and economic institutions are "natural" entities governed by immutable laws, freedom from political and bureaucratic domination, and freedom from many other constraints on the choice of individuals, groups, and organizations. The primary interest underlying critical rationality is the emancipation of individuals and groups through critical self-reflection and the creation of new institutions, norms, and values through moral discourse and ethical reflection.

These three interdependent aspects of critical theory may be understood in terms of the analogy (it is *only* an analogy) of the "psychoanalytic encounter" (Habermas 1971, Chapter 10). The *analyst* brings to his patient a reflective science, in this case, Freudian psychoanalysis, although it should be stressed that reflective science is embodied in a large number of self-reflective problem-solving procedures and techniques used by administrative and policy professionals (see Dunn 2007). The procedures and techniques of reflective science are brought to bear on the problems of *analysands* (citizens, clients, customers) by understanding their language and the meanings they attach to events. The aim is to create undistorted communication between the *analyst*, on one hand, and the *analysand* on the other.

Understanding is not enough, because it could result in further domination and control through more effective mass communications, advertising, marketing, and propaganda. Thus, the *analysand* can achieve emancipation only through critical self-reflection and creative changes in behavior, which the *analyst* steers but does not dictate. The point of the analogy is to show the interdependencies among technical, hermeneutic, and emancipatory interests. Authentic emancipation depends on all three types of rationality.

Applying critical theory to NPM and NWS

To build on the previous sections of this article, which summarize principles of NPM and NWS, the framework of critical theory can be applied for a new evaluation of both perspectives. For convenience, the synthesized principles of both perspectives under the headings used previously in this article are used with an attached amendment drawn from critical theory.

The Core Strategy: Critical Discourse Amendment The core strategy of NPM is designed to help public systems clarify their fundamental purposes, eliminate functions that do not serve those purposes, and organize programs and policies so that organizations and communities are free to create their own defined visions, missions, and goals, all of which contribute to the system's overall purpose. The core

strategy is similar to the role and purposes of the state in NWS. With the exception of Barzelay (2001), there is little provision for public discourse about purposes—both "instrumental" (means) and "consummatory" (ends)—which would contribute to open, critical debate among politicians, managers, employees, and citizens. Such discourse focuses on ends as well as means, so that the exclusive focus on means does not revert simply to another and perhaps more advanced form of instrumental rationality.

The critical discourse amendment is essential Just as the NWS is characterized by the instrumental rationality of Weberian bureaucracy, so are NPM strategies and recipes for the improvement of instruments to achieve economic and financial gains through downsizing (or so-called "right-sizing"), tax-reduction programs, and privatization programs designed to achieve new efficiencies. Although democracy and power sharing are also values, it is not always clear whether these are ends, or merely means to efficiency improvement—that is, another form of instrumental rationality. As Pateman (1973) has documented, agency and community participation are often used as instruments for overcoming resistance to change.

Ends must themselves be justified Among those ends are justice, equity, liberty, fairness, and procedural predictability, none of which serve the ends of economic efficiency, per se, because they are often ends in themselves. Regrettably, among many advocates of NPM in the USA, the UK, and New Zealand, economic efficiency in its various forms (employee productivity, budgetary discipline, optimal staffing) is the main justification of NPM interventions such as privatization, contracting out, and new personnel appraisal systems. Frequently, even discussions of employee and citizen participation, which at first glance seem to be associated with democratic governance, reduce to purely instrumental arguments about the effects of participation in enabling or constraining productivity and economic growth—this is pure instrumental rationality, with no consideration of other public ends. As Stone cautions, this unwittingly represents the confinement of public discourse to the *uncritical* discussion of purposes associated with the "market," ignoring the "polis" or at the very least the interaction of market and polis (Stone 2002).

The Consequences Strategy: The Hermeneutic Amendment Incentives and disincentives mean something different to different people. It is fatuous to believe that incentives have the same meaning and consequences everywhere; that individual managers and employees are "copies" of one another. Hermeneutics and the "sciences of interpretation" are vital aids to NPM and NWS alike.

The Customer Strategy: The Reflexivity Amendment Although terms such as "customer" point to the non-coercively empowered citizen as one who should make choices on the basis of the quality of services and products, this and other terms are and should be the subject of critical self-reflection. A reflexive strategy not only examines the special conditions under which such terms arise—for example, the term customer is a product of "marketized" societies. A reflexive strategy also looks at changes in behavior that result when information about a self-interested individual or agency is made available: behaviors are changed in negative (and positive) ways

because all performance measures are reactive. Police departments, when their annual budgets are being made, make more arrests that later fail because they are "false" arrests. When new student achievement tests are used to provide increases or decreases in teacher pay, teachers "teach to the test" and partly invalidate that test. When students and their families in state-funded schools are labeled "customers," evaluations of teachers (and professors) naturally focus on *customer satisfaction*, which sometimes has nothing to do with education or knowledge. This reflexive property of human behavior is so widespread and important that it has been elevated, through the phrase "reactive measures," to a major principle of social science research (Webb et al. 1966).

Unless the term "customer" is rephrased as "customer-citizen"—or we might even suggest *custozen*—people are likely to be viewed as nodes in a market, exercising choice as utility maximizers, not citizens. It is but a small step to begin viewing customers themselves as commodities. From the standpoint of critical theory, the word customer can imply that individuals can and must act in a world governed by non-coercive discourse; other meanings arise in the specific historical context where the term customer was used to refer to parties to a market exchange. To choose freely is an act of non-coercion, and it may be argued that whether the choice is based on utility maximizing self-interest or altruistic community interests is immaterial. The issue is whether the commoditized notion of customer—or one that is closer to citizenship—is meant.

The Control Strategy: The Emancipation Amendment Managerial and employee titles, along with their roles and institutions, are not "natural" entities. The problem, as Horkheimer put it (1982: 199), is that "the whole perceptible world of administration is seen as simply factual; it is there and must be accepted." Relatedly, an "illusory coherence" is believed to characterize agencies and ministries. The "naturalization" and "reification" of roles, positions, and institutions—including the "market," "socialism," and "capitalism"—need to be the subject of critique and public discourse in order to achieve authentic power sharing.

Empowerment of organizations, employees and communities is an act of decentralization and an abandonment of exclusive reliance on instrumental rationality and its focus on technical control. The center and the bureaucracy need to relinquish traditional forms of command and control. In the process, avenues are opened to other forms of rationality for communities to reach their decisions and for those communities to reach a non-coercive consensus with the center.

The Culture Strategy: The Communicative Competence Amendment A "holy grail" of human relations approaches has been used to wed the needs of the organization with the needs of individuals and groups that constitute the organization. Habermas' notion of an "ideal speech community" is one in which a symmetry or equality of power among participants prevents communicative distortions brought about by domination. To win the hearts and minds of employees by empowering them as decision-makers creates a form of equality akin to non-coercive discourse, thereby integrating the needs of the organization and the needs of individuals and groups in ways that serve varied interests and responsibilities, including the public interest.

Conclusion

Critical theory, particularly the belief in the evolutionary development of non-coercive discourse, demands that a free and open society have the maximum amount of participation in consensual decisions in the public sphere. Given the domination of instrumental-rational action in the perspectives and principles of NPM and NWS, discourse in the public sphere has not been extended to other domains of rationality. Perhaps unwittingly, proponents of NPM and NWS have failed to discover or acknowledge interpretive or practical reason. What really may rest at the core of the debate is the inability of parties to the dispute to see that non-coercive discourse is central to the success of administrative reform under any label. This article has demonstrated that there is great potential for these new theories, born in practice, to yield alternative forms of public decision-making. To accomplish that end, they need to be more grounded by the practical application of heretofore elusive concepts of non-coercive discourse and of expanded notions of rationality.

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