

# THE PHILOSOPHY OF PUBLIC ADMINISTRATION

A HOLISTIC APPROACH

AN INTRODUCTION FOR UNDERGRADUATE STUDENTS

JSH GILDENHUYS



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In this book, unless inconsistent with the context, the masculine form is intended to include the feminine form.

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*If I only knew what I do not know, I would have been wise.*

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# PREFACE

This book is the product of many years of thought, study, research and reflection. Over many years of practical experience, teaching, researching and writing on Public Administration, I have concluded that the knowledge gained from my studies and practical experience was acquired in such a fragmented way that at the beginning I found it difficult to see the wood for the trees. I found it difficult to visualise clearly the relative links between the various theories of the subject matter we studied. I found it difficult to comprehend a holistic picture and grasp the logical sequence of the individual parts (modules) of the subject to arrive at a systematic progression in knowledge of the subject. For instance, one semester you study in isolated compartments “the organisation of government” and the next one “policy analysis” without seeing the relation between the two, and so it goes on until you complete your studies. Ever since my first encounter with the subject Public Administration, first as an uninformed (almost ignorant) public administrator, then as a part-time student and later as a university teacher of the subject, I came to the conclusion that students and even some teachers of the subject were never able to comprehend the subject matter holistically. In scrutinising some of the syllabi of various universities and colleges it appears that most of them are simply loose arrangements of sub-themes or parts of the subject in isolated compartments, not complying with the basic educational principles of knowledge progression, inter-relatedness or coherence and without a clear holistic sense of the subject. This makes it impossible for any person to comprehend the subject holistically.

Relying on my experience as a chief executive officer and public administrator, I asked myself what would any one want to know about the subject of Public Administration to become an efficient and effective chief executive officer or for that matter a good public administrator? Put in another way: what would I need in order to become a good chief executive officer, if ever I were to become one again? There must be a framework (paradigm) of interrelated, interconnected and cohesive set of theories and principles that would include whatever is needed in knowledge and skills to become an effective and efficient public administrator.

What struck me also is the need for using clear and understandable language in teaching public administration. Language is a tool of communication and to communicate properly means to express oneself in understandable, simple and clear language. The purpose of communication by words is to paint a picture of the concept you perceive in your own mind by using the spoken or written word in such a way that the person you wish to convey the concept to will be able to perceive the picture exactly as you have it in your mind. Therefore, one must always try to avoid pompousness and grandiloquence – be simple and clear in your explanations!

To use clear and understandable language in the teaching process does not mean that one has to sink to the lower level of students’ linguistic abilities. It is our task to develop the linguistic abilities of our students. Without falling into linguistic ineptitude, we must strive to explain the subject in clear, correct, unambiguous and understandable language. We must understand that words have exact meanings. It is this exact meaning of public administration terminology that we must communicate to

our students. In the first year we must come down to a level where high school graduates (Grade 12 learners) can understand the message we want to convey to them. Then we must, in the years that follow, gradually pull them up to a higher standard of language proficiency. It is imperative that we teach them to use not only good language but also correct language free of clichés, acronyms and slang. This is very important, because language is the tool to convey one's messages to others. We want others to understand exactly what we try to convey to them – the message must be clear. To repeat, one must be able to describe one's message in words so clearly, by using their exact meanings that the person to whom you want to convey your message exactly understands what you are trying to convey. The slightest misinterpretation of a public administrator's message can cause havoc – in international political relations, it could perhaps create diplomatic hostility and even spark a war.

Another thing that upsets me is the lack of courage in striving for academic freedom and the eagerness of some academics to be politically correct. It appears as if they want to please their political masters by placing their teaching within the framework of the structures, policies and processes of the ruling party. Some of them even use published policy papers, like Green Papers, White Papers, laws and regulations as sources for teaching. All they are doing is aping and preaching the policies of the government of the day. Professor Emeritus John Ellis, University of California (1996), argues in his book *Literature Lost: Social Agendas and the Corruption of the Humanities*, that: “academic literature criticism has been transformed from traditional inquiry into an overarching search for relevance and significance applicable to modern (contemporary) society. That literature and humanistic inquiry are subverted to quests for political power such as that ‘the universities should have an overtly political function, work directly for social and political change, and inculcate a particular political viewpoint in their students’.” Arthur Schopenhauer, one of the world's greatest philosophers of the 19<sup>th</sup> century, wrote: “Safe in their own taxpayer-subsidised enclaves, the professors of philosophy found that the goodwill of colleagues is supreme, with its own special, distilled version of the course of current politics, since ideological conformity has become so important that it now even has its own name: ‘Political Correctness’...”. This is completely unacceptable, objectionable and must be rejected out rightly.

We must enjoy academic freedom and must not allow ourselves to be subjected to political expediency or indoctrination, i.e. to serve the purpose of any political party, whether in power or not. Academic freedom must be our constitutional right to investigate our field of knowledge and express our views without fear of restraint or dismissal or harassment. Our insights must be grounded in the substantive data of reality and logical reasoning, i.e. scientifically founded. This right rests on the assumption that open and free enquiry within the field of our study and teaching is essential in the pursuit of knowledge and the performance of our educational function. The condition, however, is that our teachings and criticism must be scientifically founded – i.e. based on facts. Academic freedom goes hand in hand with academic responsibility. The concept of academic freedom implies also that the tenure of office depends primarily on our competence and performances as teachers of public administration and on our acceptance of certain standards of professional integrity

rather than on extraneous considerations such as “political correctness”, or religious beliefs and affiliations. We must never subject our academic and professional integrity to party political expediency or any other expediency. We must elevate ourselves above party politics and never contaminate our academic integrity with political expediency. Our academic integrity is too precious to squander.

Our final products, in the form of academically qualified public administrators, must be able to apply their acquired academic knowledge and skills in practice. What we actually produce are junior public administrators who still need in-service training in the *application* of the theories and skills acquired at academic level. The profession of public administrator, like so many other professions, also requires an internship of several years before a person is actually fully qualified for occupying middle- or top-level public administrators' positions. The development of such system of internship is incumbent upon the employer. Our products are not trained as administrative technicians and should not be applied as clerks (administrative officers) in the public service, because this would be a waste of knowledge and skills – they will be lost to the profession that they were educated for. They should immediately be put into junior management positions under the supervision and guidance of well-qualified and experienced public administrators for a long enough period to eventually qualify them as professional public administrators.

This may be my last contribution to the subject of Public Administration. So far I have published several books on Public administration and this one represents a culmination of some of my knowledge contained and some not contained in those books already published, which obviously could not cover everything – and I hope this book will make a modest contribution to the development of the subject. I also hope it is an improvement on my former publications. I say this in the full realisation that no one in a single lifetime can ever fully master any specialised subject. If I only knew what I do not know of the subject, I would have been wise. I also believe that it is incumbent upon every retired academic to publish his accumulated knowledge acquired over the years through study, research and experience as a legacy – for what it is worth – to a future generation of public administrators. Publishing what you know, however simple it may be, surely contributes to the existing corpus of academic knowledge on Public Administration. I hope this work will contribute something new to the subject, even if it is only my idea of a holistic paradigm.

Allow me to thank my dear wife, Antje, for her tremendous support in writing this book; for her encouragement, for the research she has done, for the painstaking editing of every word I wrote and last but not least of all, for serving as my soundboard and for her positive criticism. As was the case with many of my previous publications, this one is indeed a combined effort from the two of us.

**JSH Gildenhuis**  
**Somerset West**  
**12/09/03**

# **PART I**

## **THE PUBLIC**

### **PUBLIC NEEDS**

### **PUBLIC VALUE SYSTEMS**

### **GOVERNMENT ORGANISATIONS**

### **THE PUBLIC MANAGEMENT FUNCTIONS**

# INTRODUCTION

## STUDY GOAL

The purpose of studying this INTRODUCTION is for the student to understand the philosophy of Public Administration, encapsulated in the holistic and multidisciplinary paradigm, as well as the three principles for teaching and learning the subject.

## LEARNING OBJECTIVES

After studying this INTRODUCTION, the student must be able to explain the following concepts in his or her own words:

- The holistic paradigm as depicted in Figures 1 and 2;
- The difference between 'office administration' and the academic subject called 'Public Administration';
- The logic of knowledge progression in studying Public Administration;
- The normative and generic principles in studying Public Administration;
- The multidisciplinary approach in teaching Public Administration.

This book deals with the philosophy of public administration encapsulated in a holistic paradigm. This demands first an explanation of what is meant by philosophy and a consideration of whether an academic subject can have its own philosophy. Can there be such a thing as the philosophy of public administration? Simply stated, philosophy is a set of principles, a set of fundamental truths or natural laws serving as the bases for reasoning and action; it is a law of nature forming the basis for the construction and working of a human organisation. Human beings cannot devise principles. Principles are natural and exist; it is for human beings to discover principles through research and logical inference from natural facts by rational thought and reasoning. Principles are fundamental. They do not change for simple reasons; they can only change when it is discovered that the original reasoning for discovering such principle was false or based on misinterpretations of the original facts of natural law. Some principles are formulated through rational thought and logical inference from facts of natural law; some are formulated from facts of experience. One may refer to this approach as *analytical philosophy* or *logical empiricism*. Today, for example, historical facts determine the principle that a country organised and ruled according to the ideology of dictatorial communism (a corpus of irrational principles based on unnatural positive law) cannot survive. Such countries eventually collapse, while a country organised and served by a democratic free market economy (a corpus of rational principles based on natural law) survives and may become the world's strongest and leading country economically and politically.

Practitioners of public administration may be inclined to apply their personal philosophy (the principles they believe in) in administering a government's affairs. For that reason one may find autocratic/dictatorial public administrations, communistic public administrations, socialist public administrations, social-democratic public

administrations, democratic free market public administrations, Islamic public administrations, so-called Christian National public administrations and many kinds of other variations. One may regard most of these as based on pseudo-philosophical principles, because most of them are not based on natural law, reason and rational facts of truth but on mysticism, religious witchcraft, superstition, myths, lies, emotion, faith and ideology – all false doctrines and the opposite of rationality. However, it is incumbent upon public administration academics and students to discover by logical reasoning the true and fundamental principles based on natural law, reason and the rational facts of truth that can serve as a set of laws on which the administration of government affairs should be based. The true and fundamental principles eventually form the *common value system* generally nurtured by the people. The common values emanating from this process should form the basis of public administration, because they ought to be the common public value system acceptable by all. What then if the common public values are in conflict with the true principles based on natural law and reason? The answer is that a well educated and well informed public's common values are usually based on natural law, reason and facts of truths, thus conforming with the values of an honest, efficient and effective public administration. If the public's common values do not conform to moral principles based on natural law, reason and facts of truth, then it is incumbent upon the politicians and public administrators to reform the minds of the people through proper education, not by propagandistic brainwashing and brainstorming, but by honestly supplying facts and correct information.

What then if politicians and public administrators have deliberately corrupted the public's minds with false propaganda, disinformation and feeble election promises which they cannot fulfil? What then if a government devised positive laws not conforming to rational moral principles based on natural law? If the minds of the politicians and public administrators are so corrupt that they do not support true principles based on natural law, reason and facts of truth, then the public administration will also be corrupt and not based on true principles formed by natural law, reason and facts of truth. The result would be instability and chaos in the way history has revealed the path of the politics, economics and social events in such countries. People with crooked minds live crooked lives; therefore politicians and public administrators with crooked minds govern and administer in a crooked way and will eventually be forced to turn to violent suppression of the people, sometimes even to genocide, to remain in power. Their only motive is obtaining political power and retaining power by force to their own advantage and to the disadvantage of the people and detriment of the country as a whole – they rule by the power of the sword. Fortunately, such governments and their administrations do not last forever; as a rule they are usually overthrown by force, but unfortunately with much bloodshed of innocent civilians.

To come back to our question: can an academic subject like Public administration have its own philosophy? The answer is Yes. It simply follows the philosophy of the public administrators and politicians running the affairs of government. It is for this reason that we must have public administrators with high moral and professional ethical standards. It is for this reason that we must educate future public administrators in the moral principles of Public Administration.



Another point of confusion to clarify is the name of the subject “Public Administration”. I remember many years ago how a junior colleague painstakingly tried to explain to first-year students over and over again the difference between the meaning of “PUBLIC ADMINISTRATION” in the upper case (which he called the academic subject) and “pubic administration” in the lower case (which he called the office administration of government institutions). Woodrow Wilson was the first academic (later President of the USA) who used and coined the phrase “Public Administration” for the activities of what are today known as civil servants or Public Administrators to distinguish it from politics, as the activities of elected politicians.<sup>1</sup> Today the subject “Public Administration” is generally accepted as the subject matter of an academic discipline to equip future civil servants for executive positions. To me the term “public administration” refers to a body of knowledge and skills taught at universities as an academic subject to equip students as future public administrators, especially in the middle and top management levels. The science of public administration is organised knowledge about how best to administer the public affairs of a country, not about the government administration of a specific country itself.

“Office administration“, as it is generally known, refers to the technical paper work done in offices, sometimes referred to as clerical or office work – paper work done by clerks. There is quite a difference between the academic education of civil servants as public administrators and the technical training of clerks (sometimes also referred to as administrative officers) in the skills of office work. Office work refers to activities such as letter writing, bookkeeping, designing and keeping filing and other record systems, compiling agendas for meetings and keeping minutes of meetings, the management of information technology, etc. Office administration may also be referred to as Office and Secretarial Services, one of the staff functions of any organisation.<sup>2</sup>

There is also confusion about the difference between “Public Administration” and “Public Management“. Stephen P. Robbins took the easy way out by accepting the terms “administration” and “management” as synonyms and using them interchangeably.<sup>3</sup> To me this is wrong because I see public administration as a vast body of knowledge and processes in a holistic paradigm, whereas the functions referred to by Stephen Robbins as “administrative functions” actually represent the “management functions“ as only a part (sub-theme, a module) of the whole, albeit a very important part. This will become clear when I explain the holistic approach.

Contemplating the framework of this book, I realised that some principles should guide the teaching of public administration. In the teaching of public administration one should comply with certain basic principles, namely:

- the principle of logical knowledge progression;
- the holistic principle;
- the normative principle;
- the generic principle;
- the multidisciplinary approach.

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1 Wilson, Thomas Woodrow, 1887, “The study of administration”, *Political Science Quarterly*, June 1887, Vol. 2, pp. 197-222

2 See Gildenhuys, J. S. H. and A. Knipe, 2001, *The organisation of Government: An Introduction*, Pretoria, Van Schaik, pp. 54-56 for an exposition of line and staff functions.

3 Robbins, Stephen P., 1980, *The Administrative Process*, Englewood Cliffs, Prentice-Hall, p. 6.

### **The logic of knowledge progression**

Educationalists should realise and understand that educating students starts with the basics, especially at the undergraduate level. Teaching public administration is analogous to building a house. When building a house one starts logically at the bottom, i.e. the foundation and the floor. Then one proceeds to building the walls and finally after all other things (electricity, plumbing, etc.) have been put in place, the roof is put on top of it all. The foundation must be sound and strong, because it must carry the rest of the construction. If the foundation is not sound and strong, serious faults and cracks might appear some time in the future, causing the house to collapse or fall apart. However, even before one starts building the house, one must have a blueprint (a building plan) indicating the layout and specifications of the house. When teaching public administration the same applies. One must first have a blueprint or plan – i.e. a properly structured syllabus. The syllabus must start with the most basic knowledge that forms the basis (the foundation) to progressively build on and to add on the subsequent sub-themes (modules) in a logical sequence. These sub-themes must follow one after the other logically up to the final year, when the students' knowledge is rounded off, providing them with a clear picture and understanding of the subject as a complete concept, i.e. providing a clear holistic picture.

It would be stupid, for instance, to teach public personnel management and public financial management before the student is properly informed and fully conversant with the theories of the basic management functions. How is anybody going to be able to manage personnel or to manage finance without any knowledge of the theories of management? This is so elementary that it would surprise me if anybody who wants to be called a teacher of public administration does not agree with this basic principle of knowledge progression. The holistic picture in a condensed form must be provided for in the first year of study in order to allow the students to understand where they are going and what they are heading for. They must be able to see the road on which they are going to proceed and what purposes they are aiming at. The study goals and study objectives must be clear. They must first get a picture of the whole and then study the separate elements forming the whole. If the foundation is not set properly at the beginning, the student may struggle to master the subsequent modules in a proper way. The result of poor education could be that the organisation that is some day to be managed by such poorly equipped student might collapse!

### **The holistic principle**

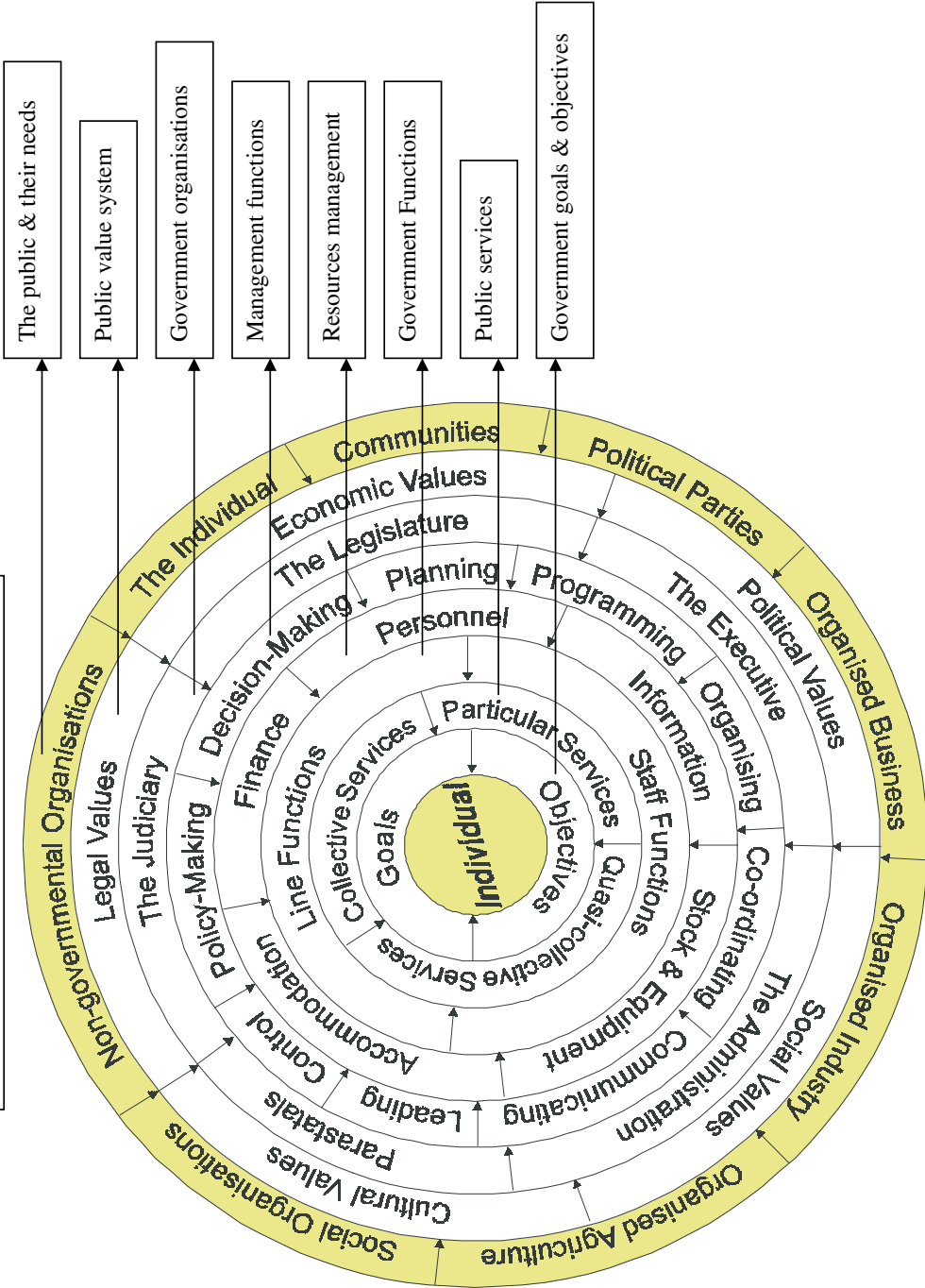
The holistic principle demands the inclusion of all relevant aspects and themes as modules of the syllabus to equip students completely to become professional public administrators of quality and ability. For instance, one simply cannot exclude a study of the public, its needs and its common values. How can any public administrator serve, interact and communicate with the public if he cannot define the public and does not know how it is organised and what its needs and common values are? This is the basic starting point of study! We have tried to illustrate this holistic principle in Figure 1. The focal point is, of course, the individual right at the centre. The interest of the individual and his needs and values are paramount in all public activities and this

places him at the centre of all government activities. All government activities must be aimed at the individual, as all the little arrows in Figure 1 indicate by pointing to the individual sitting right at the centre forming the core of the whole system. If Figure 1 can be perceived as a wheel, the individual represents the axis around which everything turns. It also emphasises the fact that it is the strong individuals who carry the load of a whole community and that weaklings cannot carry communities; they are usually the parasites of society. In modern society most individuals interact with each other in the form of private organisations with common values, collective interests and needs. These private organisations are supposed to represent the common values, collective interests and needs of their members. Complying with the common values, collective interests and needs of these private organisations, means complying with the individual needs of their members. Complying with these common values, interests and needs should be the whole purpose of government. These private organisations form the outer rim of the holistic concept (the wheel), encapsulating all other theories and processes of public administration forming the hub of the imaginary wheel. All these subsequent theories and processes aim at satisfying the common values, interests and needs of these private organisations and therefore automatically those of their individual members. This outer rim represents the human environment within which the whole system of public administration operates and forms the foundation and starting point for studying public administration

The holistic principle demands that the future public administrator be informed on and be knowledgeable about the particular and collective needs and common values of the public, forming the needs and values environment. This environment demands from the public administrator, wherever possible, to abide by such common values and satisfying such needs in his routine public service activities. He must adopt it as his personal philosophy. The paramount principle in this regard is that the public administrator is, under normal circumstances, there to serve the individual and not to regulate and rule him. The value systems are paramount and flow from the individuals to the private organisations to which they belong to form specific common value systems of the private organisations generally accepted as such by its individual members. These common value systems should serve as normative guidelines for the public administrator in his daily activities serving the people. They form the first inner rim of the hub of the wheel as shown in Figure 1. These value systems are therefore logically the next theme or module to be studied.

The second inner rim of the hub represents the organisations of government. These organisations form the “engine room” within which all public administration activities take place. It is common sense to understand that before embarking on the study of the public management theories and processes, the student must first understand how government institutions are organised and what their functions are. It makes no sense to supply the student with the “fuel and lubrication” of the engine room without knowing how the engine room is put together, what its functions are and how to steer the organisation. It is of paramount importance that these institutions of government are organised with the generally accepted common public value systems, interests and needs as basis and that they adhere to these value systems and comply with the interests and needs of the people in executing their functions.

**FIGURE 1: THE HOLISTIC APPROACH**



The activities of these organisations of government are supposed to be managed (steered) through the application of the public management functions by well-educated and skilled public administrators. These public management functions and theories form the third inner rim of the hub and they are the next to be studied. With a proper knowledge of the management functions and theories, the public administrator should be ready to manage the public resources, such as finance, personnel, information, accommodation and stock and equipment. The study of these theories of resources management is the next logical step in the process of knowledge progression and these resources form the fourth inner rim of the hub. They must be managed effectively and efficiently for the execution of the general government functions. A lack of proper knowledge of how to manage these resources can only lead to waste and maladministration.

A knowledge of the line and staff functions of government, as they are generally known, is of course necessary for their proper execution, because they are collectively aimed at attaining the government's goals and objectives through the provision of public services as effectively and efficiently as possible to the individual. They form the fifth inner rim of the hub. Although one cannot be an expert in all the technicalities of every line and staff function, as applied in government, there is a need for public administrators to have a general knowledge of these government functions. One must know what kinds of services are rendered by the government administration, because the rendering of these public services is aimed at the attainment of specific public goals and objectives to meet the needs of the individual as the focal point at the centre of it all. These services represent the sixth and seventh inner rims of the hub with the individual right in the centre spot forming the core – the axis. It is because of the great variety of government functions that one may refer to a public administrator as a “generalist specialist” or a “specialist generalist“. He must have a good general knowledge of all the line and staff functions of the government institution(s) managed by him, but he must above all be a specialist public administrator. It is for this reason that one would prefer, for instance, to appoint a medical practitioner as chief executive officer of a Health Department, or a civil engineer as head of a Roads Department, or a lawyer as chief executive officer of the Department of Justice, *provided he is also properly qualified as a specialist public administrator!* It is for this reason that most Universities offer complete postgraduate studies in public administration – the Masters in Public Administration (MPA) degree – on a part-time basis. This allows line-function specialists to qualify as specialist public administrators to become chief executive officers of their departments.

Figure 2 explains Figure 1 in another form, showing the same logical sequential flow of knowledge progression as represented by the administrative processes and the feedback loop from the individual to the relevant government organisation and/or interest group. Normally the individual would work through the private organisation he belongs to indicate his satisfaction or dissatisfaction with the public services he received. It is also easier for politicians and public administrators to communicate with the executive of a private organisation than with every individual or the public at large. However, the system must provide for the individual to communicate directly with the relevant government institution about his needs and problems. Through the

feedback process the Public Administrator will receive new inputs from these private organisations and individuals and the public administrator must be able to evaluate the problems encountered and must take timely corrective action whenever necessary.

### **The normative principle**

The normative principle approach as opposed to a descriptive approach means that students should be taught what ought to be – rather than what is – i.e. how things should be done and not necessarily how they are done. This approach explains the difference between an academic education and technical training. Academic education aims at developing the mind (the intellectual skills) of the individual and to produce public administrators who are intellectually equipped with normative principles deduced from natural law, by logical reasoning and based on natural facts, to evaluate what is being done as opposed to people trained in doing something in a way they are instructed to do. One must always remember that academic knowledge is not simply a matter of acquiring and memorising facts and procedures on how to do things, but a process of intelligence transformation from ignorance to enlightenment and understanding. Students must not only memorise the key concepts of the propositions in this study, but also understand them and be able to explain and apply whatever knowledge and skills they have gained from their studies, otherwise the whole exercise is pointless. Their success as public administrators will depend on how well they have mastered the transformation process from ignorance to enlightenment and understanding public administration in a normative way.

This explains the difference between the thinkers (public administrators) and the doers (the clerks or administrative technicians). A pragmatic approach would be to combine the normative (academic education) and practical (training) approaches, but this would be impractical, cumbersome and time consuming. It is the task of academic universities to educate future public administrators and it is the task of technical colleges or technical universities to train administrative technicians (clerks). However, one must admit that it is sometimes necessary to explain normative theory with practical examples from empirical research – and empirical research of facts is sometimes necessary to deduce normative theories by logical reasoning, sometimes referred to as *logical empiricism*. In such a case empirical research on practical examples simply serves as a tool for academic education. It also makes no sense to follow a descriptive approach by teaching students the existing systems and processes as applied in practice and as prescribed by law or regulation. This is irrational because laws and regulations contain temporary knowledge (instructions) and can be changed at the will or whim of the legislature or the executive. When the laws or regulations are changed, the acquired knowledge based on them immediately becomes obsolete.

This creates the need for in-service training, requiring constant and periodical retraining as laws and regulations change and the instructive processes based on them change. This is not the function of academic universities, but of the employer. What universities must produce are mentally developed public administrators who can evaluate existing policies, organisations, procedures, rules, regulations and laws, etc. in terms of the common value systems and normative public administration theories, and who must be able to recommend the necessary changes, if necessary, for better

public service delivery. The public administrator must know on what value system(s) the policies, laws, regulations, procedures, etc. are or should be based. He should know how existing policies, laws, regulations and procedures should be changed to improve public service delivery, whenever necessary.

### **The generic principle**

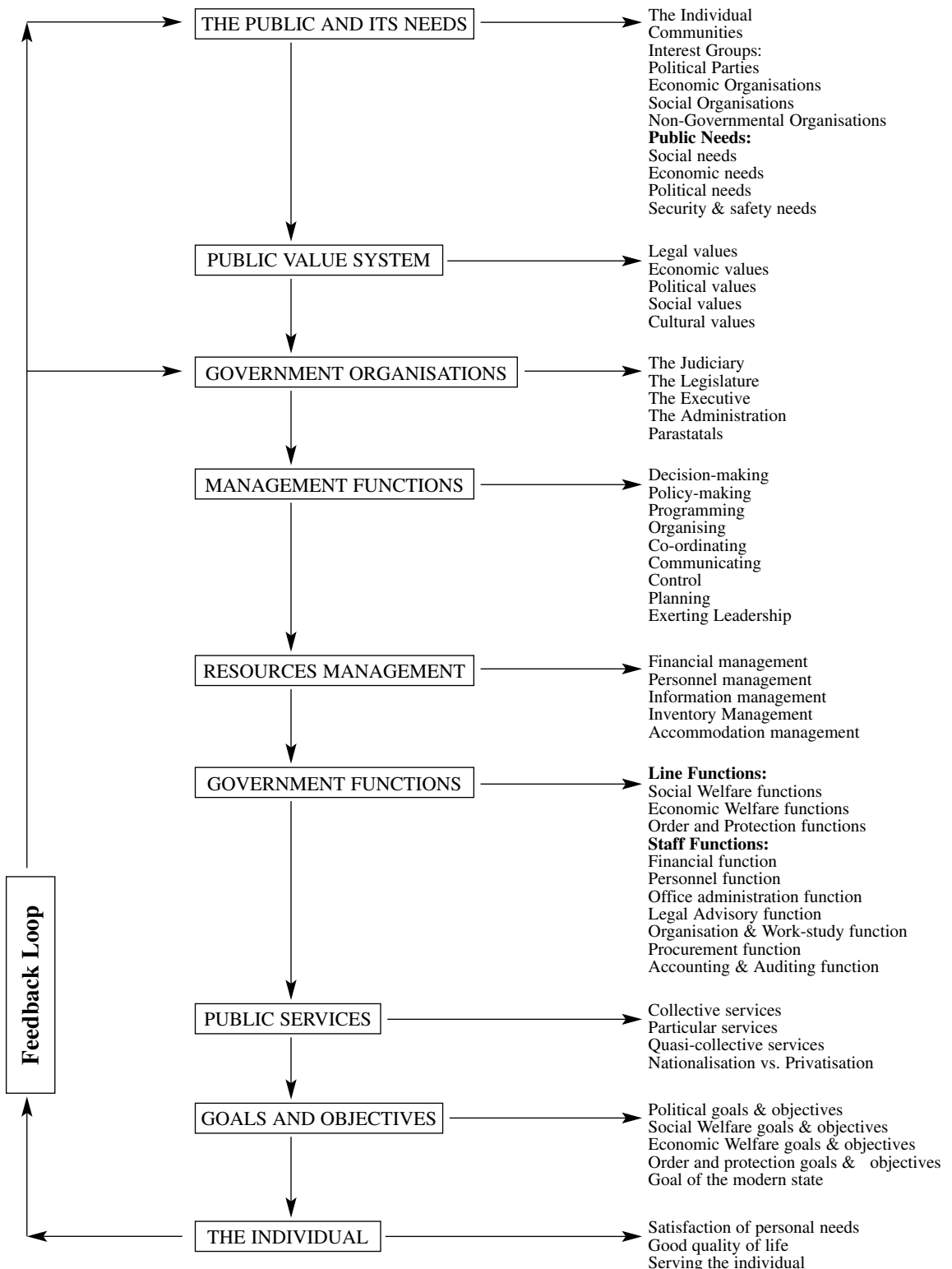
The generic principle requires the teaching of public administration theories that are applicable in any situation under any circumstances and in any country, without being skewed by unacceptable ideologies and subjective political expediency or any other expediency or false philosophy whatsoever. It means that public administration *education* must be neutral, non-partisan – i.e. free from political expediency or whatever expediences – and at the same time comply with the principle of rational objectivity – not irrational subjectivity to serve the purpose of any political ideology or the policies of any political party. Education in public administration must strike a rational balance between the well-known political ideologies and compare both the positive and negative aspects of each of them, because public administrators must be well informed on these various ideologies and their possible implications for the public as well as the individual.

Our teachings must be positively critical – i.e. we must make a positive contribution to better government and administration. We should not criticise just for the sake of criticising. Above all, we must never be dogmatic; our theories and arguments and statements must always be based on rational thought and true facts, i.e. on natural law. One cannot say that things are the way they are just because “I say so”; no one knows everything! One must always found one’s arguments on reason and motivate one’s statements on rational thought and true facts. One’s criticism must be neutral and objective in the sense that any well-educated Public Administrator must be a professional and properly equipped to serve the public under any government of any political party in any country. The ideal would be an “international” public administrator who would be able to sell his knowledge and skills for public service all over the world.

### **A multidisciplinary approach**

From the contents of Figures 1 and 2 and the arguments so far, one must conclude that the teaching of Public administration requires a multidisciplinary approach. It involves some knowledge of Political Philosophy, Economics and Economic Philosophy, Sociology and Social Philosophy, and the Philosophy of Public Law (Constitutional and Administrative Law). It is not always possible to include all these subjects in the curriculum of a bachelor's degree or for that matter in the curriculum of a MPA degree. It is, however, incumbent upon the academic teacher of Public Administration to research the common political, economic, social and constitutional value systems as well as the rules of Administrative Law applying to the activities of the public administrator. We must simply incorporate these value systems into our teachings to serve as normative guidelines and even as fixed principles for the public administrator. This is another reason why the profession of public administrator is sometimes referred to as a “specialist generalist” – a kind of contradiction in terms.

**FIGURE 2: THE HOLISTIC APPROACH**





By now one should realise that the well-being of the individual and the future of modern society rests with politicians and public administrators. Their decisions make the difference between war and peace, wealth and poverty, economic growth and depression; and they decide directly on such critical issues as the quality of the public's health care, availability of public goods and services, and the quality of the environment. The most direct effect public administrators have upon our lives is through the social impact on our life-styles. What is relevant is the active control public administrators have over our lives. Therefore, what public administrators believe (their philosophy) and how they act may be one of the most important areas for academic investigation.

In their decision making capacity Public Administrators are required to take unorganised masses of opinions and values and inspect, scrutinise and organise these views into a meaningful, coherent, and consistent system. As philosophers, they seek to gather a body of related knowledge that supplies the logic of effective thinking for the solution of certain kinds of problems. It would seem, therefore, that these qualities make a philosophical and holistic approach to the study of public administration both logical and viable.

The fact remains that a public administrator must be a kind of "philosopher king". It is for this reason that we prefer to refer to the philosophy of public administration. If we don't see it in this way, how can we ever do justice to our doctorate degrees in (the Philosophy of) Public Administration and how can we not follow a normative (i.e. a philosophical) instead of a descriptive approach in teaching the subject?

With these principles, illustrations and explanations – and especially the need for knowledge progression – in mind and without being too fundamentalist and foundationalist, the compilation of this book more or less follows the pattern set out in Figures 1 and 2. However, we are the first to admit that one need not follow the exact order as contemplated, as long as the whole range of themes and sub-themes is covered and the principle of knowledge progression is adhered to. The aim of the publication is to cover more or less the complete undergraduate course stretching over a period of three years.

## **POSSIBLE EXAMINATION QUESTIONS**

1. Explain the holistic approach to the learning of Public Administration as depicted in Figures 1 and 2 (60 minutes)
2. Explain the meaning and the need for the principle of knowledge progression, and the need for the normative, generic, and multidisciplinary approaches in learning Public Administration. (60 minutes)

# CHAPTER ONE

## THE PUBLIC

### STUDY GOAL

The purpose of studying this chapter is for the student to understand who are the public and how individuals of the public are organised, as well as to understand the philosophies of individualism and communalism.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

- The individual and individualism;
- Communities and communalism;
- African communalism;
- Interest groups and the so-called ‘public interests’;
- Political parties and the various party systems;
- Economic organisations as interest groups;
- Social and cultural organisations as interest groups;
- Non-governmental organisations as interest groups.

### INTRODUCTION

When students are asked why the “Public” in Public Administration, the answer would probably be: because it is about the administration of government activities as opposed to the administration of private business activities, which are not wrong. However, when asked, “Who is the public?” the usual reply is “The people or the society”. When asked to define “the people or the society”, one would perhaps be confronted with stares of disbelief that an academic teacher of public administration can be so uninformed as not to know what is meant by the “the people or society” – the concept is so obvious! However, when asked, “How are the people or society organised, how do they interact with each other and what are their common values, rights and needs?” then the stares of disbelief change to sullen expressions of uncertainty. Eventually it might dawn upon some that there is more to it than they might have realised – “the people out there” are simply not just the people out there!

The people out there are a collection of a variety of individuals each with his or her own peculiarities, particular values and needs. Individuals are born and brought up within communities. Communities form societies and particular social orders may eventually form nations and nations form nation-states requiring political and administrative institutions to manage the nation’s collective interests and needs. Within one nation individuals are inclined to group together in groups having the same interests, such as political, economic or social interests groups or according to their social, economic or political needs. Collective needs create collective interests. In this chapter the nature of individuals representing all kinds of political and social entities,

communities formed by them, and the variety of interest groups will be discussed and the principles ruling them will be explained. The public and the way in which it is organised represent the human environment of public administration. It is from this *human environment* that the public administrator identifies the collective values and needs to be serviced.

## **THE INDIVIDUAL**

The individuals of any country making up the so-called “public” consist of many kinds with a variety of personality traits, particular values and needs. There are citizens, permanent residents, aliens, immigrants, refugees, asylum seekers, criminals, registered voters, minors, school children, and college and university students, poor people, rich people, disabled people and many more. The government and its administration must serve and manage the problems and needs of all these kinds of people. What must be understood here is that each of them is an individual with individual problems and needs and that an individual’s problems and needs are, from his personal point of view, the most important problems and needs in the world. Therefore, it is obligatory for the public administrator to deal with every individual and his problems with sympathy, consideration, dignity and respect. Public administrators must listen to their problems and take account of them in making decisions. Even the problems of alleged criminals must be dealt with in the correct way and in a fair manner. In most civilised countries alleged criminals have the right to a fair trial and are not guilty before being proven guilty by due process in a legitimate court of law.

## **Citizenship**

Not all people making up a population of a country are citizens of such a country. Citizenship usually comes automatically by birth, or by naturalisation. Most civilised countries have laws regulating the registration of birth. Babies registered within a predetermined time of birth do not enjoy full citizenship. Apart from their natural rights obtained by birth, such as the right to life and protection by the state against abuse and maltreatment (even by their own parents), babies hardly enjoy any positive rights. They have, for instance, no political rights. As they grow up their positive rights increase; for instance, at a certain age they may register as voters and therefore gain political rights for the first time in their lives. Many civilised countries have laws for the compulsory education for children from and up to a certain age. They are allowed from a certain age to be employed and gain economic rights to do business and enter into legitimate contracts with other economic subjects. Many countries have laws forbidding child labour.

To become a citizen by naturalisation requires long and sometimes complicated requirements and procedures. This usually starts with the process of immigration ruled by strict requirements and lengthy procedures. Most countries have strict immigration policies. Some countries, already overpopulated, set stringent personal and technical qualifications for immigrants to keep out unwanted people and people who may one day become a burden on the country’s economy and government administration. The choice is normally on young very well qualified economically active people, people

who can contribute to the economic advantage of the country and who would not become dependent on government support for their livelihood. Becoming a citizen by way of naturalisation is in most cases preceded first with the issue of a work permit and then a period of permanent residence, say a permanent residence period of five years, before one can apply for citizenship. Every country has its own requirements set out in its own laws and regulations – the exception in this regard may be the European Union with more or less uniform requirements.

### **Refugees and asylum seekers**

The world of today has a large refugee problem. People flee from their home countries because of famine, war and all kinds of other hardships to neighbouring countries to seek asylum. Today this is an international problem, with the United Nations trying to deal with it. Pakistan is overflowing with millions of Afghan refugees because of the prolonged war in Afghanistan. Australia refused to accept refugees from the Middle East on an Indonesian boat and was severely criticised for this. International people-smuggling operators appear to exist, illegally smuggling people under harsh conditions to anywhere they want to go in the world. The principle here is whether any country is obliged to accept refugees from other countries. This is a matter for international law and if international law acknowledges any country's national independence and integrity within its national boundaries, then it is common sense that the international community cannot force any country to accept refugees. Refugees can create tremendous problems of all kinds, such as unemployment and many types of health problems for the host country. Many criminals and drug peddlers can flee to other countries under cover of being unfortunate refugees because of punitive circumstances in their country of origin, simply to carry on with their criminal activities in their new country of residence. Remember what happened to the World Trade Centre in the USA on the 11 September 2001!

It is actually not the purpose of this publication to explain every type of person or individual who may be found in a country that has to be served or their problems managed by the government's administration. It is for each public administrator to study his department's "clientele", to understand their problems, needs and values. It should actually be part of the in-service training of every public employee.

### **INDIVIDUALISM**

"Man is the measure of all things", said the Sophist Protagoras (485-410 BCE). By that he meant that the question of whether a thing is right or wrong, good or bad, must always be considered in relation to an individual's needs.<sup>4</sup> "Man is not made for society, but society is made for man. No institution can be good which does not tend to improve the individual."<sup>5</sup> The Indian reformer Sir Muhammad Iqbal (1876-1938) emphasised the importance of individualism. He argued that: "The whole universe represented an Absolute which was the highest form of individualism and which men had called 'God'. In order to realise their own unique nature, all human beings must

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4 Gaarder, Jostein, 1994, *Sophie's World*, London, Phoenix, p. 54.

5 Margaret Fuller (1810 –1850), American social reformer, quoted in "On the needs of selves and societies", <http://www.trinity.edu/~mkearl/scopsy -3.html>

become more like God. That meant that each must become *more* individual, *more* creative and must express this creativity in action.”<sup>6</sup> Samuel Hirsch (1842) presented an ethical, rational history of God, which focused on the idea of liberty. A human being was distinguished by the ability to say, “I”. This self-consciousness represented an inalienable personal freedom.<sup>7</sup> This personal freedom means to be free to think for oneself, to be free to draw one's own conclusions, to be free to make one's own decisions, but, most important of all, to accept personal responsibility for the outcomes of one's decisions. These statements place the individual in the centre of the community as the 'measure of all things' and therefore in the centre of the public administrative process as shown in Figure 1.

This part of the publication concerns the principles of individualism and the rights and moral values of the individual. The primary principle is that a person has been created by a Divine Creator, generally known as God, as an individual, not as a small inseparable part or a mindless limb of a larger collective, the phenomenon of so-called “humankind”, forming part of a collective, and controlled by such collective’s “brain” (leadership). The Divine Creator created an individual as a complete unit and independent volitional entity that can act on his own. Every individual is simply born free! Autonomy and independence are two supreme human values. Individualism is based on the principle of personhood, i.e. the quality or condition of being an individual person and not part of a collective entity. Individuals are not only human beings; they are *unique* individual human beings. Every person has been created with his own mental and physical aptitudes and abilities; in this regard, no two persons are born the same. No two persons are similar; except in the case of identical twins. Even identical twins, born genetically the same<sup>8</sup>, live and experience life separately as individuals. Every person is born with an independent mind, an independent ability to reason, and is expected not to judge by emotion and feelings but by reason. There is no such thing as “independent feelings“, but there is an independent mind. Individualism regards every person as an independent, sovereign entity that possesses an inalienable right to his own life, a right derived from his own nature as a rational being created by a Divine Creator.

Individualism holds that a society, or any form of association, co-operation or peaceful coexistence among persons, can be achieved only on the basis of the recognition of individual rights and individual moral values and that a group/ community, as such, has no rights and no values other than the individual rights and moral values of its members. The philosophical base and validation of individualism is the fact that individualism, ethically, politically and psychologically, is an objective requirement for a person’s survival in competition with other individuals. Individualism is implicit in a code of moral ethics that holds a person’s life as its standard of value. The rights and values of individualism also bring concomitant obligations. Any person’s rights and values end where another person’s rights and values begin. Individualism is not doing whatever one wishes, regardless of the rights and values of others. Altruists,

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6 Armstrong Karen, 1999, *A History of God*, London, Random House Group, p. 418.

7 *Op cit.*, p. 422.

8 Rhodes, Rodney and Richard Pflanzner, 1996, *Human Physiology*, New York, Saunders College Publishing, p. 931.

socialists, and communalists have an obvious stake in falsely accusing individualists that they refuse to be sacrificed in order to sacrifice others. This is precisely what altruists, socialists and communalists do, namely to sponge upon the sacrifices of the individual. A person cannot have the moral right to violate the rights of another. If a person denies inviolate rights to other persons, he cannot claim such rights for himself. In such a case, he has rejected the base of the very same rights he claims for himself. No one can claim the moral right to a contradiction.

An individualist is primarily a person of reason. It is upon the ability to think, upon using one's inquiring mind as rational faculty, that a person's life depends. Rationality is the precondition of independence and self-reliance. A person cannot claim to be an individualist if he is not independent and self-reliant. Individualism and self-reliant independence are logically inseparable. Intellectual independence is the basic independence of the individual. The basic independence of an individual consists of his loyalty to his own mind; it is his perception of the facts of reality, of understanding these facts of reality, and of his judgement about them that he refuses to sacrifice to the unproved assertions of others. A person needs knowledge in order to survive and only the application of reason and logical deductions from the facts of reality can provide knowledge. People who reject the responsibility of thought and reason can exist only as parasites on the thoughts and intellectual achievements of others. A parasite can never be an individualist. It is only in the context of reason and a person's needs as a rational volitional being, that the principle of individualism can be justified. Taken out of this context, any advocacy of "individualism" becomes as arbitrary and irrational as the advocacy of altruism, collectivism, or communalism, which thrive on sacrificing the individual. Individualism is a noble philosophy that advocates the primacy of the individual as the paramount principle in life and does not require other individuals to become its sacrificial victims.

## **COMMUNITIES**

Although a person is born as an individual, he actually forms part of a community right from the day of his birth. First, in a civilised society ruled by civilised norms, a person is born from a mother and a father married as one family and the child forms part of such family. The child grows up within such a family and is brought up and taught the ways things are done and the beliefs of his family – i.e. within the framework of the family's values and beliefs. Second, because of their particular needs and particular values, families are brought together with other families with the same particular needs and particular values in what are called communities. These particular needs and particular values then become the collective needs and common values of the community so formed. It is these collective needs and common values of such families that bring them together in one community. Even during primitive times when families were self-sufficient and supplied their needs by hunting and collecting food from forests and fields (foraging), they lived together in clans even if it was only for their collective defence against dangerous animals and other hostile clans.

The gradual development and modernisation of humankind demanded the concept of the division of labour and the mutual acknowledgement of common values in the struggle of existence and peaceful co-existence. It is this demand for the

division of labour that must have been the starting point of the formation of modern societies. Today the division of labour and mutual acknowledgement of common values are fundamental principles of all forms of community life. The essence of a community is the division of labour to comply with the collective and particular needs of the individuals forming the community and the mutual acknowledgement of common values of such community. Human beings are social beings; they cannot satisfy even their basic needs except in society, therefore, there is no person out of society. Since the formation of any society relies upon the many needs and the different talents of people, it is the division of labour that keeps people together in society. The division of labour is a necessary feature of any society.

Right from the day of his birth a person is already a member of a social body. He is already a member of society when he appears as a thinking, volitional creature, for a thinking rational person is inconceivable as a solitary individual. “Only amongst men does man become a man”.<sup>9</sup> This statement of Fichte does not negate individualism; what it means is that any person as an individual can stand out among many and that only the mind of an individual can make him stand out in the community to which he belongs, but he needs that community to accomplish becoming an outstanding individual. An individual needs to belong to a community to become an outstanding person – he needs something (other individuals in a community) to be measured against and to be judged as outstanding or not. The development of human reason and the development of human societies are the same process. A modern person is a social being, not only as one whose material needs could not be supplied in isolation, but also as one who has achieved the development of reason and of the perceptive faculty that would have been impossible except within a society.

Society is a co-operative endeavour; it is communities in action. Today a person is inconceivable as an isolated being, for humanity exists only as a social phenomenon and humankind transcended the stage of animality only as far as co-operation evolved in the social relationships between the individuals. The success of co-operation in communities lies in the need for accentuating similarities (common values) and not concentration on differences (particular values), but without negating the particularity of every individual. It is this need for social co-operation in providing collective and particular goods and services in a free and volitional exchange process that creates societies. However, this does not negate the individual as a single entity with its own particular mind as volitional creature in society. It does not contradict individualism, because each person forming part of a community remains an independent self-reliant thinking entity “trading” commensurate values with his fellow self-reliant thinking entities in return for what he can offer from his own production. He does not sacrifice anything to the community and does not expect anyone in the community to sacrifice anything to him. The exchange rate of the valuables exchanged is the same – if it is not, then someone is receiving more than he deserves and someone is sacrificing. This is the essence of community co-operation (community co-operation is not the equivalent of collectivism or communalism!). All members of the community then live in harmony with each other, according to everyone’s own performance and their

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9 Fichte, Johann Gottlieb (1762-1814) quoted in Ludwig von Mises, 1932, *Socialism*, Liberty Classics, Indianapolis, p. 258.

own productivity allowed by their own mental and physical abilities – this is the essence of the principle of the division of labour. In the free production and trading process of values, according to the principle of division of labour, no individual can expect more value than the value he offers in exchange.

Always remember that nothing produces nothing. When you can offer nothing, you must expect nothing in return. If you can produce nothing, but you expect to eat and someone else must feed you, that someone else becomes your sacrificial victim. This is not the purpose of creating communities; in a community, everyone must produce something in exchange for what someone else produced and what one needs for survival – this is the essence of community life based on the division of labour and a free-market economy.

The need for individuals to co-operate in communities and societies and for that matter in national states, does not naturally negate the philosophy of individualism. Any individual is free to change his value system, withdraw from one community, and join another community where he feels more at home. Individualism is not the antithesis of co-operation. The forming of communities where individuals share common values and provide for collective needs and even for particular needs on a collective basis does not subjugate the individual to the community as a sacrificial victim. Individuals, for instance, live together in urban communities and form local political entities (municipal corporations) for the purpose to provide each individual living inside such urban community individually with particular and collective services – collective services such as streets and roads, and particular services such as the supply of water and electricity. These services are then countered by a corresponding value paid in the form of taxes and consumer tariffs (based on the cost per unit) according to individual use or consumption.

Communities exist only where willing becomes co-willing and action co-action. To strive jointly towards objectives that individuals alone cannot reach at all, or not with equal effectiveness – that is community. Therefore, community is not an end but a means by which each individual member seeks to attain his own ends. Community of work springs from community of will. Because one can get what one wants only if one's fellow citizen gets what he wants, his will and action become the means by which one can attain one's own end. Once it has been perceived that the division of labour within communities is the essence of communities, nothing remains of any possible arguments of a contradiction between individual and community. The contradiction between individual principle and community principle disappears.<sup>10</sup> Forming communities for the sake of co-operation does therefore not contradict the philosophy of individualism.

## **COMMUNALISM**

Forming communities for the purposes of co-operation is not communalism. Communalism is the antithesis of and contradicts individualism. Individualism can still be maintained in communities formed for the purpose of co-operation and co-existence without negating the personal and particular values fostered by certain

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10 Von Mises, Ludwig, 1981, *Socialism*, Indianapolis, Liberty classics, p. 298.



individuals but not shared by others in the same community – cultural values are a good example in this regard – and without expecting any one to become the sacrificial victim of the rest.

Communalism per se is a form of *collectivism* in which ownership of the means of production is vested in a smaller unit, the commune, with a corresponding local autonomy and a reduction in or total absence of a higher-level political authority. The concept of communalism negates individualism. Communalism is a form of collectivism, a term used to denote a political-economic system in which the means of production and the distribution of the fruits of production (i.e. goods and services) are controlled by the people as a group – defined as “communal ownership” – which means that everything belongs to the community but to nobody in particular. Collectivism is the opposite of a democratic free market system in which the principles of individualism prevail, where the means of production are privately owned by particular individuals, and the distribution of goods and services is determined by free trade among private individuals, and where considerations of personal performance and personal productivity govern the proportional distribution of the fruits of production. Collectivism’s main objective is equal sharing of the fruits of production, irrespective of personal performance and personal production, with slogans like “Equal pay for equal work” meaning equal pay for similarly named jobs with similar job descriptions and specifications, irrespective of personal performance and personal productivity. This is tantamount to arguing that every student must get the same mark for his or her examination paper irrespective of the correctness of his answers and explanations, personal performance and amount of effort put into his study. In the case of a democratic free market system with individualism as underlying philosophy, the fruits of production are proportionately distributed according to individual performance and individual production in a free market where individuals, as economic subjects, are independently taking every decision on performance, production and distribution of the fruits of individual performance and production.

Communalism and communal living are the voluntary sharing of life by a small group who believe that they can live better together than they can alone. In the commune the welfare of the group is considered more important than the welfare of the individual. This is, of course, a nonsense principle, because it is obvious that if every individual of a community is wealthy, the whole community must be wealthy as well – the sum of the individuals’ wealth equals the wealth of the community. What communalists wish to say is that the wealth of the individuals forming a community must be the same, which is of course practically impossible. Taking into account differences in individual performance and individual productive capacity as reflected by differences in individual intellectual, physiological and psychological capacities, such equal distribution of wealth is impossible in a free market community. Communal groups sometimes strive to build durable institutions that will maintain Utopian values. Utopian communities are based on the principles that people can achieve an ideal society by living and working together and sharing equally in the fruits of their joint production, with the interest of the individual subjected to the so-called common interest of the community. Utopia is impossible; it is an imagined perfect place or state of things; it exists only in foolish minds.

Communal societies have long existed as reactions against prevailing social orders. In the past they were often established by religious groups or by political or economic reformers. Religious communal groups that practice celibacy have the longest and most successful history, such as monks living in monasteries. However, in Israel the Kibbutz, a form of collective agricultural settlement, is home to many Jewish people. Members of a Kibbutz live and work communally and all property is held in common. Decision making is done on a collective basis and work is organised on a collective basis. The principle objective of a Kibbutz is to attain social equality for all and to make the practice of child rearing a collective responsibility. Members contribute by working according to their capacity/ability and in return receive food, clothing, housing, medical services and other domestic services according to their needs. This is, of course, typical of the Marxist doctrine of "...from each according to his ability and to each according to his needs". Each Kibbutz may support itself through agriculture or industrial means.<sup>11</sup>

The philosophy supporting the Kibbutz system is nothing but collectivism, a term used to denote a political-economic system in which the means of production and the distribution of goods and services are controlled by the people as a group. Collectivism is the opposite of and in conflict with a democratic free enterprise system, in which private individuals own the means of production and distribution takes place by free trade and considerations of personal gain. The concept of collectivism is derived from the social theory holding that the interest and welfare of the collective group are of greater importance than the interest and welfare of any individual. This contradicts completely the doctrine of individualism. It also defines the false doctrine of the so-called "public welfare" so often exploited by cunning and shrewd politicians without any integrity to justify unjust policies and actions serving only their own or the ruling party's interests.

There is only one way to serve the so-called public interest and public welfare and that is to serve the particular interest and welfare of the individual. It is simple arithmetic to understand that if government succeeds in satisfying the needs and enhancing the welfare of every individual, then so-called "public welfare" comes naturally. To expect some individuals to be sacrificial victims of the so-called "public welfare" is nothing but an act of political fraud and corruption. The facts of history have proved that the only way to enhance the general public welfare is to follow the principles of a democratic free market enterprise system. This system is based on the doctrine of individualism, where a government's only objective is to create positive circumstances that would allow every individual to improve his welfare according to his own mental, physical and psychological traits.<sup>12</sup> This means that every individual in society is rewarded according to his own value of performance and production. There is not a more equitable system for the distribution of wealth than this. There is,

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11 The Kibbutz system appears to be falling apart because the men are seeking work elsewhere and the Kibbutzim are turning into ordinary small rural residential towns.

12 This statement can be proved by a comparative study of the per capita GDP of socialist and communist states with that of democratic free market states. Compare, for instance North Korea, an impoverished communist state, and South Korea, a thriving capitalist state with the 18th-largest economy in the world. Compare also the relative poverty of Russia with the tremendous prosperity of the USA.

of course, the case of the disabled individual whose welfare should then become the responsibility of first, the close or extended family, then that of the community and only finally that of the state.

The essence of communalism is that the individual becomes the sacrificial victim of the community. However, this does not make sense; if every individual in a community becomes a sacrificial victim, who are the benefactors? The benefactors are, of course, none other than the so-called community leaders and/or the self-appointed representatives of God – the politicians and priests or ‘Attila’<sup>13</sup> and the religious Witchdoctors’ as Ayn Rand called them.<sup>14</sup>

### AFRICAN COMMUNALISM

Any study of communities and communalism would not be complete without a study of what one could term “African communalism“. The African tribal system is a typical example of a system based on the philosophy of African communalism. It consists of rural settlements comprised of small villages with surrounding meadows scattered all over African countries, with a number of villages forming a tribal area. “Headmen“ rule single rural villages and tribal “chiefs“ rule “tribal areas“.<sup>15</sup> The land belongs to the tribe and the chief allocates little plots of a few acres each to individual families for cultivation and residential purposes. The rest of the land is collectively used for common grazing by individually owned livestock. No system of surveyed and registered pieces of land for private individual ownership exists. All land is collectively owned and used for subsistence farming. Because of the lack of individual ownership of private property, commercial farming is non-existent leaving no possibility of stockpiling of surpluses during good seasons, with the result that no community can withstand any natural disasters such as severe droughts. “Many Africans prefer to engage in subsistence farming rather than farming for profit and even then, they wait for some bureaucrat to tell them about food security to save them from starvation when drought strikes”.<sup>16</sup> This leads them to believe that the government owes them a living and if things go wrong, then the government is to blame and has to find a solution – this fosters a culture of undeserved entitlement.

There is also no resemblance to the Israeli Kibbutz system of collective farming and a co-operative marketing system of surplus produce, where some of the surpluses can be stockpiled for days of need. Under the tribal system every family is self-reliant and must cultivate its own allocated small piece of land to provide for its own food; there are usually no surpluses to be stockpiled for future need. It is a system where

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13 Attila, a fierce political dictator, united the Huns, who were various tribes of Mongoloid peoples, and invaded the Roman Empire from 436 to 453. Attila murdered his brother in 436 to gain sole control over the Hunnish Empire, which ranged from the river Rhine in the west to the Ural River on the east, and as far north as the Baltic Sea. The river Danube formed the Empire’s southern border. *Encarta 2001*, Microsoft

14 Rand Ayn, 1961, *For the new intellectual*, New York, Signet, pp 10 -57

15 For more information on the organisation of the African tribal system see Gildenhuis J.S.H. & A. Knipe, 2001, *The Organisation of Government: An Introduction*, Van Schaik Publishers, Pretoria, Chapter 14.

16 Shalita, Steven, 1998, “Africa’s Great Enemies: Passivity and Complacency”. *The East African*, February 16-22 p. 10.

land is collectively owned but no other production factors; every family allocated a piece of land for cultivation must find its own production inputs (labour, seed, fertiliser and implements) on a private basis. In some cases one season's production is hardly enough to feed the family until the next season. In our view, this is the main cause of the problems and poverty of the peoples of Africa, which urgently requires a conversion to commercial farming. Commercial farming, with its vast positive spill-over effects and backward and forward economic links, is the backbone and forms the basis for real economic development.

The philosophy underlying the African tribal system is called *Ubuntu*“, a philosophy based on communalism, with a kind of collectivism and altruism, mistaken for humanness, as its underlying principle.<sup>17</sup> *Ubuntu* is in stark contrast to individualism; it is a system where the interest of the individual is subjected to the collective interest of the tribe (community). *Ubuntu* is a literal translation for collective brotherhood<sup>18</sup> and collective morality. It is best expressed by the Xhosa proverb, *umuntu ngumuntu ngabantu*, which means “I am because we are”. One has to encounter the “collective we” before one can encounter the “collective I”. One is only a person through others.<sup>19</sup> It represents an unmistakable collective solidarity supported by collective rituals and collective ceremonies. Whatever happens to the individual happens to the whole group, and whatever happens to the whole group happens to the individual. The individual can only say: “I am, because we are; since we are, therefore I am”.<sup>20</sup> This is a cardinal point in the understanding of African communalism. This is in stark contrast with the natural and rational core principles of individualism of “I am because I am” and “I exist because I exist” and “I am a human being because I was created a human being”, not because I am part of a certain tribe, community or society. I am not a person because of other persons; I am a person because I was created a person, not because a group of other persons decided that I am a person – this is the essence of personhood.

In African communalism, there is a combined sense of brotherhood and communal membership and it is from the combined sense that the family expects individuals to take personally enhancing and socially responsible decisions and actions. The dominant entity of the African social order remains, however, the community. Some African social thought seeks to avoid the excesses of the two opposite systems of individualism and communalism, while allowing for a meaningful, albeit uneasy, interaction between the individual and the community.<sup>21</sup> Some African writers differ from this dualistic view. Nyasani, for instance, identifies

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17 For proof of this statement read Mbigi, Lovemore, 1997, *UBUNTU: The African Dream in Management*, Randburg, Knowledge Resources.

18 Lovemore Mbigi mistakenly uses the term collective ‘personhood’ instead of ‘brotherhood’. ‘Personhood’ is a characteristic of individualism and literary means ‘the quality or condition of being an individual person’ – not a collective brotherhood. Perhaps he simply tried to be politically correct by not being sexist and changed the masculine ‘brotherhood’ to ‘personhood’.

19 Mbigi, Lovemore, 1997, *UBUNTU: The African Dream in Management*, Randburg, Knowledge Resources (Pty) Ltd, pp. 2-3.

20 Mbiti, John S., 1969, *African Religions and Philosophy*, New York, Praeger Publishers, p. 109.

21 Gyekye, Kwame, 1988, *The unexpected life: Philosophy and the African experience*, Accra, Ghana University Press. pp. 31-32.

the traditional African family as a setting in which the vertical power structure of society is introduced and sustained as predominant over the freedom of individuals. For Nyasani there is a “fundamental difference between the traditional African child and the child in the Western culture. The child in Africa was muzzled right from the outset and was thereby drilled into submission to authority from above”.<sup>22</sup> Nyasani also states that for him, “everything boils down to the ‘me’ or rather to the survival of the self through enhancement and consolidation of the ‘we’ as a generic whole”. “Thus, in Africa, the individual will go all the lengths to ascertain the condition of the corporate ‘we’ and to play his part, if necessary to restore the balance of wholesomeness”.<sup>23</sup> Within the context of African communalism, Africans exhibit a “blind social submission and unquestioning compliance to the mystique of higher authority that reign surreptitiously yet effectively in all black African societies in varying degrees”.<sup>24</sup> This statement is unquestionably clear evidence that African communalism stands in stark contrast to the philosophy of individualism. African communalism in the minds of Africans is to submit to family and community authority and to immerse yourself and partake in all group values and norms; this means to surrender your individualism, and to sacrifice your interests and personal values to the common good and collective values of the tribe. Communities may be larger in number than an individual, but in the case of communities based on individualism the individual is more important than the community.

The foregoing comparative analysis of individuals and individualism, on the one hand, and communities and communalism, on the other hand, emphasises the importance for public administrators in plural societies to study and understand the principles of these opposing philosophies. They need to be well informed on both value systems to serve the needs of such different communities well. To serve them well means not to favour one and neglect the other. It must always be remembered that whatever philosophy prevails, the individual is supreme. The supremacy of the individual has its origins in the Jewish, Islamic, Christian and other religions. This doctrine holds that all human beings, whatever their individual differences, are precious in the eyes of their Creator, and each has immense potential for good. A prime goal of all public administrators should therefore be to permit and encourage the growth of each person and the complete realisation of his potential. All human institutions, including governments, should be judged by the degree to which they enhance or hinder the achievement of these individual goals. The main purpose of government is to provide every individual with the most favourable environmental conditions for his spiritual and secular growth, i.e. to create for himself a good quality of life according to his own mental, psychological and physical abilities. It is for the public administrator in plural societies to find a balance between individualism, communalism and especially African communalism that seems to clash with the Western philosophy of true individualism. This would be a formidable task requiring only the best-educated public administrators in the philosophy of public administration.

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22 Nyasani, J. M. 1997, *The African Psyche*, Nairobi, University of Nairobi and Theological Printing Press Ltd, p. 129.

23 *Op cit.*, pp. 81-82.

24 *Op cit.*, p. 113.

## INTEREST GROUPS

Interest groups may take many forms. Some are organised and some are not organised. An organised interest group is any group of people that, on the basis of one or more shared needs or common values, makes certain claims upon other groups in the society for the establishment, maintenance or enhancement of forms of behaviour that are implied by their shared needs or common values. In this sense, an interest group is a categorical group whose members are to some extent conscious of their common characteristics; they regard themselves as having common values or common 'interests' arising from these common characteristics. In addition, to some extent they direct their behaviour towards advancing this common interest.

Unorganised interest groups pursue their goals with little or no conscious or planned co-operation, but make their weight felt mainly through spontaneous parallel action. For instance, when the price of a household commodity rises above a certain unacceptable level, many homemakers, individually and without mutual consultation, may decide to boycott such a product by replacing it with something similar until the price of the first comes down to an acceptable level. This could be regarded as spontaneous passive resistance by unorganised interest groups as against active resistance by deliberately organised groups. The latter is sometimes a small group of fanatics who pant and pine for something they cannot get. Some are nothing more than vocal minorities and rabble-rousers. They organise unemployed idlers, loafers and students and pay them a small amount to take to the streets to march and demonstrate against government or any other legal organisation to protest against the government's and such other legal organisation's policies, usually to no avail. Mostly these kinds of demonstrations turn sour and end in riots, looting, plundering, vandalism and hooliganism – and when controlled by the police force, they complain about police brutality and government suppression. These are the groups that apparently do not support the civilised democratic way of expressing their choices and abide by the outcome of such democratic political processes of choice. Often the majority of marchers and demonstrators do not even know why they are marching and what they are demonstrating for. The actions by the anti-globalisation group demonstrating in Genoa in 2001 against the World Trade Organisation Conference, is a good example of this kind of hooliganism. Taking to the streets to march and create chaos is not a civilised way of making one's point. There are other more civilised and correct ways and channels for communicating one's complaints and problems.

The constitutional right to march and demonstrate by organised groups and the official closing of streets for such purposes violates the right of other people to use such streets for their own private purposes. Motorists, other commuters and property owners pay taxes for constructing and maintaining streets and roads and are entitled to use such roads and streets whenever they wish, simply because they pay for this. Closing such streets for organised groups to march and demonstrate violates such rights of the public who pay for the facility. It is inconsistent with the principle that one person's rights end where another person's rights begin.

On the other hand, members of certain other civilised and responsible interest groups regularly try to achieve their common goals through direct association,

conscious planning, organisation and whenever necessary dialogue and negotiations with government on government policies concerning their interests in a calm and civilised way. Among these well-organised interest groups one finds political parties, economic/commercial organisations, professional institutes, social organisations, and so-called non-governmental organisations. Before we discuss the principles ruling these private interest groups, we must first have clarity about the meaning of the ‘private interest’ of these groups and the so-called ‘public interest’.

### **The nature of the ‘public interest’**

References to the so-called ‘public interest’ appear with great frequency in contemporary political discourse. The principal question here is who decides what is in the public’s interest and who defines the public’s interest? Whose standards and what principles are used to determine the so-called ‘public interest’? Whose interests are we referring to when we talk about the ‘public interest’, the ruling political party’s interests, or the interests of the majority? If it is the interest of the ruling party then it is nothing but political corruption. If it is the interests of the majority, what about the interests of the minority? *Majority does not make moral and might does not make right.*

This publication started with the assumption that the individual is the axis around which everything turns and that the interest of the individual is paramount – see Figure 1. We argued that when government satisfies the needs and respects the values of every individual, then the interests of the whole society have been satisfied. This is a very simplistic statement and cannot be explained by simple arithmetic, because in a plural society the summation of the interests of each individual does not automatically add up to the ‘public interest’.

Defining the ‘public interest’ is not easy. One could attempt a definition by defining the ‘public interest’ as satisfying the collective and particular needs and values of every individual without any sacrificial victims. The moment one individual’s interest is sacrificed, then one could argue that such a policy is not in the public’s interest. This means that government policy should concentrate only on common values agreed upon by all and on the collective needs of all individuals; particular values and needs that may differ from person to person and from community to community should then fall outside the scope of government responsibility and be left to each individual or community to take care of. If this is impossible, any sacrificial victims of the so-called ‘public interest’ should be fairly compensated for their losses by those who benefit from the so-called public interest. Fair compensation in this instance can only be the market value of such sacrifice. However, what about the life of a soldier lost in war? Could one argue that any war is in the public interest? Surely some people would argue that the United States’ war on international terrorism is in the public’s interest, but what about the sacrifice of the life of soldiers slain in battle? How does government compensate for the loss of the life of a soldier? Can one put a monetary market value on the life of a soldier? To a certain extent, Yes! For instance, in the case of a soldier with a wife and kids who gets killed in battle, the government can calculate his potential income over his normal expected life span in monetary terms and support his family financially for the rest of their lives

accordingly. Nevertheless, how does one calculate the psychological and emotional loss for the family of such soldier? Certainly not by erecting war memorials!

Determining the 'public's collective interest' is easier said than done. It is a difficult and a formidable task for any public administrator to scientifically determine the public's collective interest. Some people believe that this question can be settled scientifically. They believe that if well-educated and able public administrators, not identified with any interest group or political party, rationally and without bias examine the nation's needs and common values, using scientific methods, and study the effects of specific policies, they can remove this question from mere political controversy and determine exactly and beyond all reasonable doubt which policies are in the public's collective interest. Other people are firmly convinced that questions of this kind cannot be answered with any scientific certainty. They base their argument on the fact that so-called experts rarely agree among themselves on questions of policy, because all policy decisions ultimately become choices among competing values and that there is no scientific way of deciding matters of good and evil. These people are sceptical about the whole concept of the so-called 'public interest'. They are impressed by the fact that each interest group advances its special group interests in the name of the 'public's interest' and that there is no more unanimity among groups than among experts on the question of what is in the public's collective interest. They conclude that the 'public's collective interest' is either merely a propaganda slogan that political parties and other interest groups use in their struggle for power, or it is a meaningless verbalism.

One could suggest that in a political system based on the values of individualism it would be easier to determine the public's collective interest than under a system based on collectivism or communalism. Strictly speaking, under a system where the principles of individualism prevail, where government provides only for collective needs and respects the public's common values, there cannot be any sacrificial victims. Under a collectivist or communalist system, where altruism is the primary principle, every individual is expected to be a sacrificial victim for the benefit of the so-called community interest. The interest of the so-called community sometimes means nothing more than the interest of the community leaders, ruling political party, or of the majority supporting the ruling political party – with every other individual being a sacrificial victim of the ruling elite.

The dilemma of determining the public interest again stresses the need for well-educated and well-informed public administrators in the philosophical principles of public administration.

## **POLITICAL PARTIES**

A political party is an organised group of people sharing common policy preferences and usually a general ideological position. Simply to have such a common view does not make a political party – it is necessary also that they seek, or have, political power. Party politics is in essence not much more than a political power play in which each party is engaged in a contest for gaining the upper hand in the power play. For being in power means controlling the resources of government to the benefit of the party and its supporters. Their aim is to gain control of the government apparatus – the



legislature, executive and the public administration – usually through the election and appointment of its candidates to office.

The modern mass political party has taken shape in the last century, along with the rise of democratic ideology, universal suffrage, nationalism and more effective means of communication. Such a party is commonly categorised by the type of party system in which it operates. In a non-competitive or one-party system, the party is often employed as part of the governing apparatus, with the functions of maintaining public support for the regime, encouraging popular participation in government programmes and alerting the government to changes in public opinion. In competitive (democratic) systems, which seem to encourage a party strategy of moderation and compromise aimed at obtaining a majority vote, and multiparty systems there is less compromising of its core voters. In general, however, the structure and behaviour of a particular country's political parties depends most heavily on the country's political and cultural history.

Political parties are certainly one of the most important institutions in any democracy and one of the crucial distinctions between democratic and authoritarian societies can be found in the differences in organisation and function of political parties in the democratic and authoritarian systems. Political parties may take many forms, but their main functions are more or less similar, namely, to supply 'capable' persons for government positions; to organise the civil service around the formation and implementation of public policy; and serving as a mediator between individuals and their government.

### **Political parties in democracies**

In a democracy political parties are supposed to serve as communication channels between the public and the government. They serve not only as a channel of communication, but also as a locus of public accountability and responsibility, a source of informed criticism, and a means of concentrating the diffused power of individual citizens into a coherent and meaningful social force. In a democracy a political party is a means for restraining government in the interest of the population, in short to serve and not to rule the individual. Democratic political parties' support systems are two-way communication systems that include both a bottom-up and a top-down flow for consultation, feedback and rendering of accountability. Party representatives are supposed to consult supporters on policy matters, report on results to them and account for what has been done.

### **Two-party systems**

Two-party systems are systems not necessarily of two parties only, but a system of two parties dominating the political scene, with smaller parties of insignificant representation, such as, for instance in the United States of America and Japan. In a two-party system, the two major parties are sometimes more or less of the same strength with a marginal difference in voter support. This is of course an ideal situation, where the ruling party is never sure of the majority support of the voters in a next election and where the opposition party represents a government-in-waiting, therefore always leaving an alternative open to the voter. It seems to encourage a party

strategy of moderation and compromise aimed at obtaining a majority vote with an insignificant difference between the two major parties' policies and way of doing things. Where this situation prevails, democracy operates at its optimum level. It is also a system where the professional public administrator model based on a meritorious appointment policy could operate at its best.

### **Multiparty systems**

Multiparty systems are characterised by an excess number of small political parties competing for voter support, where there is less compromise and where a party's strategy emphasises retaining the support of its core voters. Some political analysts regard such patterns as the most democratic, because they give all sections of the electorate the chance to vote for a political party that is closest to their political persuasion and, perhaps more important, to expel or exclude others from power. The voter is essentially selecting a member of that party to represent his views in the legislature. It gives almost all parties representation in the legislature. Some analysts reserve the term "multiparty" for systems in which there are substantially more than two parties competing for power. Contemporary Britain has three main parties with some four minor parties. Germany under the Weimar Republic had nine to ten significant parties, a situation that allowed the notorious Hitler to seize power. The French Fourth Republic had six or seven parties. The new Republic of South Africa has no fewer than about 30 registered political parties, with an alliance of three parties forming the ruling African National Congress majority, with another two parties co-operating with the African National Congress in government.

A prolific multiparty system is typical of continental European parliamentary systems. Whilst a multiparty system provides plurality of choice, it can also lead to unstable government. Depending on the electoral system, a multiparty system may produce governments where no one political party is clearly dominant, in which parties have to compromise on policies and majorities may be unreliable. The strongest party is forced to form coalitions with other smaller parties with more or less similar views on core political matters. Political differences and upheavals are common in these kinds of coalitions. Frequently, the resulting upheavals merely result in the reassembly of the previous coalition, with some reshuffling of personalities. Thus French and Italian politics in the late 20th century were much more consistent in policy and personnel than the short life span of governments might have suggested.<sup>25</sup>

### **One-party dictatorships**

In an authoritarian system political parties are suspect. The evangelists of the 'one true faith' in politics (the Hitlers, the Stalins, the Gadaffis and the Castros, etc.) have no place in their political schemes for a multiplicity of political parties, though they may allow one party to function – their own, which they rule with an iron fist. All too often the authoritarian political party is not a party in the democratic sense of the term at all, i.e. it does not seek to channel public desires into governmental policy, nor seeks support among the population. Instead, it begins as a conspiracy – an instrument for

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25 "Multi-Party Systems" *Microsoft® Encarta® Encyclopaedia 2001*. © 1993-2000 Microsoft Corporation.

seizing political power. Once power is acquired, it becomes an instrument of government, a device for imposing the will and authority of government on the population and for looting the public for its own or its leader's personal benefit. In a one-party authoritarian system the leader rules autocratically and the public serves him and his party as subjects. Everyone must succumb or bust. The main characteristic of a one-party dictatorship is a top-down command process. All decisions are taken at the top and instructions are passed down to the bottom for execution and report-back on results achieved. Membership is usually limited to a small percentage of the population and public offices are distributed only among faithful card-carrying party members. It is a system where political nepotism is the policy for appointing civil servants and public administrators. The hierarchical position of a member in the party usually parallels the same level of position in the public service. The authoritarian party has a monopoly on political truth and thought, and believes that its opponents are by definition in error. Conformity to official doctrines must be enforced with all the power that modern organisation and communication technology provides. No individuals are allowed to think and to reason – personal thinking is not allowed and private thoughts are suppressed. Everyone is expected to execute commands without questioning their merits.

One-party dictatorships are not the only examples of single-party systems. “Single-party” systems can also be found in so-called democracies. In cases where the majority of the ruling party is so overwhelming and the opposition parties' representation negligent, the majority party forms a *de facto* although not a *de jure* one party system, because it can ignore opposition and adopt any policy and push through (steamroller) any legislation in the legislature that the Constitution allows. This situation may eventually lead to the oppression of any opposition by all kinds of draconian legislation, eventually leading to a *de jure* one-party system. In the case of a so-called rigid Constitution requiring a two-thirds majority for amendment, a majority party with a two-thirds majority can amend the Constitution as it wishes – it could even prohibit any opposition parties and convert its country into a *de jure* one-party dictatorship. Sometimes even the principle of the rule of law may be ignored and the constitution suspended to free the ruling party to do what it wishes. In the case of flexible constitutions, this process would even be easier.

When the African states attained independence, the dominant nationalist movements and their leaders tended to install themselves in virtually permanent power. They called for national unity and urged that multiparty parliamentary systems be discarded in favour of the single-party state. This is, of course, in line with and a legacy of the traditional philosophy of *Ubuntu* and African communalism. When these governments proved unable or unwilling to fulfil popular expectations, the resort was often military intervention. Leaving day-to-day administration to the permanent civil service, the new military leaders posed as efficient and honest public guardians, but they soon developed the same interest in power that had characterised their civilian predecessors. In some African states the early 1990s brought renewed interest in multiparty parliamentary democracy.<sup>26</sup>

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26 “Africa”, Microsoft® Encarta Encyclopaedia 2001. © 1993-2000 Microsoft Corporation.

The professional public administrator must be well informed on the type of political party system that prevails in his country. A good relationship between the professional public administrator and political parties is of paramount importance for good governance, because the latter are supposed to represent the needs, the will and the values of the people, albeit in some cases only that of a minority. Because political parties are directly involved in government and policy making, it is obvious that a close formal relationship should exist between the professional public administrator and the politicians, however, without getting directly involved in the organisation (becoming card-carrying members) and the politics of the parties. The public administrator should study the policy documents – usually available on the Internet – of all political parties represented in the legislature, in order to inform him of all their visions, missions and strategies. It is important that he should be informed about and understands especially the ruling party's visions, missions, and strategies on specific issues concerning the line functional field of the public administrator's department. It is these visions, missions and strategies that the public administrator has to transform into government policy by way of white papers and concept legislation. These documents are then submitted to the executive for consideration and approval with eventual submission for final approval to the legislature.

The public administrator acts here as professional adviser to the political office bearer and the executive and his professional integrity is of the utmost importance. The moment the bill becomes law the public administrator has to implement it and report on the results. It is during this relationship and process that the principles of rationality, neutrality, objectivity and professionalism of the public administrator are of paramount importance. One must always remember that the public administrator is there to serve every individual member of the public and not only certain groups or members of the ruling or other political party. Therefore, he must formulate his proposals within the framework of the ruling party's policies in such a manner that would serve the entire public best and not only specific groups. The principle here is that if the public administrators' proposals, eventually cast in legislation, serve the entire public effectively and efficiently, the popularity of and trust in the ruling party will grow. If, however, it neglects some groups' or individual's needs, and ignores their wishes and values, its support base will eventually dwindle. Therefore, to ignore the interests of some people would simply be a suicidal strategy. The secret here is to reconcile the common core values of all groups in formulating policy and legislation – a formidable, if not impossible, task in a plural society – another good reason for having well educated professional public administrators, conversant with the philosophy of public administration.

### **OTHER INTEREST GROUPS**

Political parties are not the only interest groups with influence on the activities of the public administrator. Card-carrying members of political parties in most countries represent only a minority of the whole population. There are many a-political interest groups such as economic organisations, professional institutes, trade/labour unions, social organisations, and so-called non-governmental organisations. These organisations try to promote the collective interests of their members by any legitimate means

outside the party political sphere and sometimes through party political channels; thus most of them are a-political or pretend to be a-political, always seeking the favour of government irrespective of which political party governs. The more government interferes with the private activities in society, the more communication between government and these organisations may take place and the more it is expected of the public administrator to be informed on the activities of such organisations.

### **ECONOMIC ORGANISATIONS**

The economy of any country consists of many branches and types. First, they can be categorised as primary production industries, such as the agricultural industry, the mining industry, the forestry industry, and the fishery industry. These are all concerned with the production of primary goods and products, either for direct consumption or as inputs for the secondary manufacturing industry. Second, the secondary manufacturing industries are concerned with the manufacturing of goods and products for use or consumption purposes using inputs from the primary production industries. Third, there are the trading industries (wholesale and retail) buying final goods and products from the primary production industries, but mostly from the manufacturing industries, for sale to consumers and users of such goods and products. Fourth, there are services industries, like all kinds of financial, banking, professional and security services, and insurance industries, servicing all businesses, private individuals, and even the government. All these types of industries form the whole of a country's economy and are either forward- or backward-linked together. Some of them play an important part in the import and export economy of the country. Some of them are even organised on a global scale, such as the World Trade Organisation. They are responsible for what is generally known as a country's gross domestic product or GDP. The average GDP per capita of the population is an indication of a country's economic wealth, but not of the nature of the distribution of the wealth. A wealthy country can have a skewed distribution of wealth, while a poor country can have an equal distribution of wealth or rather of poverty.

In most countries all of the above-mentioned economic subjects are well-organised interest groups, such as organised agriculture unions, organised chambers of mining, organised forestry owners associations, organised motorcar manufacturers and traders and organised chambers of commerce, everyone looking after the collective interests of their industry or trade. Their relationship with government is more of the lobbying kind seeking favours from government rather than being pressure groups. They are all affected by government policy on trade, such as import and export policies, labour policies, pricing policies, etc. Those with business aims may make representations at the national and local level in order to strengthen their claims to contracts and to tailor contract conditions to their working patterns. They may also seek to persuade national governments to oppose regulation of their affairs at the international level and interference with their accustomed business patterns.

The more government interferes with the economy, the more it affects these organisations and the more they have to communicate their problems and needs to the public administrators of government departments dealing with these matters. It is obvious therefore that, for effective communication on the problems and needs of

these organisations, the public administrators of these departments should inform themselves with the organisation, objectives and activities of the relevant industries and their collective organisations. Public administrators dealing, for instance, with the forestry industry should, apart from being well-educated and professional public administrators, in addition be well-informed if not real experts on forestry and all its ramifications. This applies to all other branches of industries, professions and trade in the economy.

### **Trade and Labour Unions**

Closely related to economic organisations and professional institutes is organised trade and labour. Trade or labour unions are indeed organised economic subjects in the same way as any other economic organisation. They are associations of workers established to improve their social and working conditions. Trade unions represent their members in determining wages and working conditions through the process of collective bargaining with employers. When agreement cannot be reached, the matter is sometimes referred to arbitration by a special institution provided for such purpose or eventually to a labour court, which has the final say in the dispute. This all depends on the specific legislation, ruling labour relations, in the relevant country. In many countries a union is the economic arm of a broad labour movement that may include a political party and comparative associations. In other countries where no such formal ties exist labour unions may themselves engage in political activities, including lobbying for legislation and supporting political candidates favourable to labour.

Trade or labour unions are of two types: craft (trade) unions representative of those skilled trades such as electricians, plumbers, bricklayers, carpenters, cabinetmakers, motor mechanics and many others; and industrial unions composing all those in a given industry, such as steelworkers; these are people not specifically trained and qualified as tradesmen. In some countries large general workers' unions include all semi-skilled (on-the-job-trained) and unskilled manual labourers in one organisation. Unions are often affiliated to a single umbrella organisation, such as the Congress of South African Trade Unions (COSATU), the British Trade Union Congress (TUC), the French Confédération Générale du Travail (CGT), or the American Federation of Labour and Congress of Industrial Organisation (AFL-CIO).

The most important labour issue for workers in democratic, industrialised countries is collective negotiation of agreements with employers. The subjects covered in contemporary agreements go far beyond the original ones of wages and hours, reflecting the increased complexity of modern society, the strength of unions and the workers' rising expectations. In some cases collective agreements specify wages, working hours, working conditions and benefits in detail. In other cases unions have used their political power to win the enactment of laws that provide benefits and protection — increased pensions and unemployment compensation, safety regulations, extended holidays, educational and maternity leave, housing, health insurance and, perhaps most important, industrial tribunals and other grievance procedures to protect workers against any unfair action.

In countries that today are subject to any form of authoritarian government — whether arising out of a revolution, a military or civil coup, or foreign intervention —

independent trade unions are not permitted to represent workers. Trade unions in China, for example, have acted as arms of the government, helping to achieve production programmes in the planned economy; many of these unions are also charged with administering social welfare programmes. Union members are therefore left without the traditional protection against their employer's actions afforded by their union, since both employer and union are limbs of the government<sup>27</sup>

Trade unions that have the constitutional right to strike and who have the economic power to jeopardise the continued and sustainable production of goods and services can raise the standard of both members and other workers. Genuine success, however, is ultimately the ability of the economy to absorb the consequences of granting union demands. During periods of rapid economic growth unions can make significant gains, but during periods of economic recessions their chances of success are meagre. During large lay-offs, they have to turn to government for programmes to ensure alternative job opportunities, income maintenance from government run by unemployment insurance schemes and other forms of relief.

Recently, trade union membership and influence in countries like Britain, the USA and Europe and the rest of the developed world, have been declining. In developing nations worker's organisations are more limited in their influence than before. In South Africa, for instance, the trade unions are in a kind of dilemma. They are nationally organised in the Congress of South African Trade Unions and enjoy the constitutional right to strike without the employers having the right to lock them out. They also enjoy much political power. They are actually the 'infantry' of the South African Communist Party with dual membership and a political ally in the ruling African National Congress. They form the voting stock of the ruling African National Congress, but are in frequent squabbles with the government about, for instance, the government's policy on privatisation. This awkward situation prompted the Secretary-General of COSATU to declare that they do not fight the government, but they fight capitalism, in other words their employers in the private sector. The Secretary-General of the South African Communist Party (SACP) once urged his supporters to "hate capitalism". To do that is to fight and hate the very people supplying their members' livelihood. They are cutting off their noses to spite their faces.

Today no entrepreneur in a capitalist free market system in his right mind should ever condone the exploitation of the workers class, because the free market system is built on the philosophical principle of non-sacrifice. In a civilised society no one in his right mind wants to benefit from sacrifices of someone else. Everyone should get his fair share from any transaction – every one should be paid his fair due. In a free market economy, transactions are concluded between two supposedly willing and informed rational persons. Where the price of labour is determined in a free market situation, it is generally accepted that employers and employees enter openly and willingly into an employment contract. Unless it can be proven that one party was not fully informed of the conditions of the contract, such contract binds both parties. The question here is what is the fair market share. The fair market share of labour is the price determined by supply and demand and what a willing employer is prepared to

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27 "Trade Union", *Microsoft® Encarta Encyclopaedia 2001*. © 1993-2000 Microsoft Corporation..

pay and a willing worker is prepared to accept. This must be settled by collective agreement. The free market place is a place where both parties exchange values for commensurate values on common agreement and every trader must offer something of value to someone else in exchange. If a worker has no skills or knowledge to sell except for unskilled manual labour, then such worker must expect a low price for the almost 'nothing' he has to offer.

Therefore, in the labour market an efficient, effective and well-qualified carpenter is paid more than an unskilled manual labourer who serves as his helper. The quality of the performance and productivity of any worker also plays a significant role – a good carpenter and a good helper will be paid a good wage; they will simply outdo any opponents for a job – this is how everyone is paid his fair share in a game of fair competition. In a collective socialistic system, where everybody – the carpenter and unskilled labourer – is paid the same wage and where competition is taboo, there is no incentive for any one to qualify as a craftsman or deliver quality and productive work. In a free labour market competition is the principal instrument for good performance and production, because it secures the best results in any situation.

No matter how well the voluntary free market labour operates and how good the intentions of all parties concerned are, cases of exploitation always exist, especially in a market where supply of labour exceeds the demand for labour, where workers do not enjoy the minimum 'humane standards' of healthy working conditions or earn wages well below the poverty data line. In such cases it could be expected from government to intervene through labour legislation to protect workers from grossly inhumane exploitation by setting minimum standards of working conditions – especially health conditions. However, setting minimum wage rates above what the market can afford could backfire on the unions in that it could force marginal businesses to close down with job losses or of businesses cutting back on jobs and importing labour-saving machines and methods into their production processes. Labour relations are very complicated; it is not always only a matter of strike and demand. In most cases it is a process of sensible compromise and rational decision making by both sides at the negotiation table.

The most devastating thing trade unions can do, with the most detrimental effect on their members, is to call for national strikes and marches on national policy matters that are not directly concerned with labour relations between employers and employees. The second distressing thing is the creation of a culture of demanding, and demanding only, without any promise or proof of a concomitant increase in production! They therefore create an image of an expensive, irresponsible, unproductive and unreliable workforce. The result is that no investor will ever think of investing his money in such an atmosphere of labour uncertainty and unreliability. Another result will be the flight of invested capital to other more stable labour situations.<sup>28</sup> The principle to learn here is that it is the person with the capital who makes investments and therefore creates jobs. Capital fleeing the country because of bad labour relations results in the loss of the very jobs that trade unions are fighting for. It is not the function of government to create jobs, but if it does, it is bound to

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28 A prominent South African industrialist, Dr Anton Rupert once remarked that "the more they (the labour unions) dance and toyi-toyi, the more the jobs will move to Hanoi".



create it with taxes – this is job creation by taxation – and if the very investors supplying the government with taxes are forced to close down or flee the country, where is the government going to get the income for job creation? In such cases labour unions are shooting themselves in the foot.

Labour relations are very complicated and public administrators, especially those working for the Department of Labour, must be well informed on the organisation of trade or labour unions and must be experts in the function of labour relations. Apart from being a well-educated public administrator, such person should also be well informed on labour law.

### **Professional institutes**

Professional institutes are closely related to labour unions and are an important role-player in a country's economy. They are a very important part of the services industry. Defining a profession and professionalism is not easy. The easiest way is perhaps, first, to define a profession, then a professional and lastly professionalism. The term profession refers to a vocation of calling, especially one that involves some branch of advanced learning or science. It may also refer to a body of people engaged in a profession. A professional is a person belonging to or connected with such profession, a person showing the skill of a competent professional, a person engaged in a specified activity as one's main paid occupation, and a person of ethical conduct. Professionalism refers to the qualities or typical features of a profession or of professionals, especially the qualities of competence, skills and ethical conduct.

Professional institutes are usually instituted by a government Act and controlled by a code of conduct and a council elected from their own membership. The question here is whether a real need for licensing professionals exists. Licensing or registering people with specific vocational training, such as medical doctors, chartered accountants, engineers of all kinds, land surveyors, lawyers, property valuers (appraisers) and town and regional planners is common practice. The argument in favour of licensing these professional vocations is that it protects the public from scoundrels pretending to be experts in a specific field, but who cannot deliver services up to the required standards. This could be deceptive. In some cases it could be a deception because the real reason is protection of the professional vocations from free competition.

Some of these vocational professions protect their members against free competition by several means, for instance:

- limiting the number of students;
- setting higher than necessary entrance qualifications for the enrolment of students;
- setting high pass rates for entrance examinations, or deciding on the pass rate after the marking of examination papers for a cut-off point to limit the number of entrants to the profession. Depending on the number of entrants to be allowed to the profession for that year, one year the cut-off point could be set at a pass mark of 60% and the next year maybe 70%.

Two professional vocations make themselves guilty of this kind of conduct – the medical profession and the chartered accountant profession. The argument in favour of

the medical profession setting high entrance standards for students is that only the best intellectuals should become medical practitioners because their patients' lives depend on the professional quality of their services. Other professions usually abide by the normal rules and standards of universities, such as the law, engineering, town and regional planning and land surveying professions.

What these professions actually do is form a 'monopoly' and determine so-called recommended service tariffs to serve as a 'guideline' for their members. This is nothing less than price maintenance or price fixing, because all members usually charge the so-called "recommended" tariff. Clients thus have no choice in the price of such services. Their anti-monopoly argument is that, although clients have no choice between prices, they have a choice between good and bad service delivery. This is a very dubious argument and open to suspicion. In the case of the medical profession, nature creates the demand for their services and the institute limits the supply of medical services, hence the normal economic forces of supply and demand cannot work in these cases. Another form of unethical conduct is that these organised professions convince politicians that the law controlling the profession must reserve certain professional activities for them alone, preventing anybody else from undertaking them. It would be a contravention of the law to practice such activities if one is not registered with the controlling body (council) of such profession. In this way they monopolise business for the profession.

While professions in fact control in some way both the demand for and the supply of their services, members of other professions, such as the legal profession, actually have no control over the demand and supply of their services. Students who comply with the minimum university admission standards are allowed to enrol for study. After qualification at the university with the standard passing mark, they all qualify to become members of the Bar. They then compete in a free competitive market for clients. The good ones survive and the not so good ones do not.

The fact that professionals in these vocational fields are required to register as such has one positive point: it guarantees their clients that they command the right qualifications for the job. However, it does not guarantee quality services in all instances. Another positive point is that they are all bound to a formal code of professional conduct and subject to disciplinary action in cases of unprofessional conduct such as corruption and personal misconduct.

## **SOCIAL AND CULTURAL ORGANISATIONS**

The term 'social' may be construed in a very broad way, for instance, to include political and economic organisations as part of the family of social organisations. Broadly interpreted as an adjective, '*social*' means: *'of or relating to society or its organisations concerned with the mutual relations of human beings or of classes of human beings'*. For the purpose of this part, 'social organisations' will be narrowly construed as relating to organisations other than political and economic organisations. It rather refers to organisations concerned with the culture or the physiological and psychological (spiritual) welfare of people in communities, in some cases referred to as social welfare organisations and in other cases as cultural organisations. Culture is also one of those terms that can create confusion. For our purpose, it refers to the

manifestation of human intellectual achievements regarded collectively as, for instance, in arts, language, and religion. Social and cultural civilities of human beings are personal, private and politically very sensitive, and government should rather not interfere with a community's social and cultural activities.

### **Religious and language organisations**

Religion and language are among the most important and sensitive social and cultural activities. Among the most prominent religions of the world are the Jewish, Islamic, Christian, Hindu and Buddhist religions, with many denominations among them. They are all organised into churches for specific geographical areas, with local community churches consolidated in regional, national and even international organisations. Churches preach and support the philosophy of altruism, because they survive on the sacrifices of their members. People usually group together, geographically and socially, according to religion and language groups. This is natural behaviour, because people of the same kind and culture are inclined to flock together. Governing multicultural societies has proven to be very problematic. In multi-religious and multi-lingual societies, political intervention by government can cause severe friction and can eventually lead to political unrest and rebellion. The world's history is full of examples where multi-cultural societies that were politically forced together under one political power system burst into revolution and political revolts. The wars in the Balkan states (Tito's former state of Yugoslavia), where conflicting cultural groups were politically forced together into one country with one communist government, are good examples of this happening.

The social and cultural needs and values of this multitude of religious and language groups are as diverse as their numbers. In countries like India and South Africa, one finds a multitude of languages and dialects of languages. South Africa has no less than eleven official languages. As explained, the needs of these diverse groups differ and in a fair situation the government should heed all these different needs and values. However, is this possible? What is the solution then? In India, the largest democracy in the world (with a population of 1,018 million – 2000 estimate), there are 300 known languages, 24 of which have one million or more speakers each. Hindi is the national language, spoken by 30% of the population, and the constitution recognises another 17 languages. India's solution was to adopt English for business and government and English is the language of national and international communication. South Africa's policy of 11 official languages is a practical impossibility and will eventually lead to the pragmatic solution where English will establish itself over time as the one official language for business and government to follow India's example. As far as the other indigenous languages are concerned, there can be no really satisfactory solution. The only solution is to ignore the problem and let the different language groups find their own solution for maintaining their languages as part of their local group culture. Individual groups will soon find the need for a common language for general communication. The danger of conflict between the different language and religious groups may, however, remain – there are always some extremists and separatists agitating for communal or group cultural rights.

In some parts of the world there is no separation between secular political matters and religious matters. This is called theocracy, where politics is proper religion and

religion is proper politics. A recent example of a theocracy is Iran immediately after the overthrow of the Shah of Persia in 1979, when the Ayatollah Khomeini gained power. In the Islamic world theocracies are becoming more common as Islamic fundamentalism grows in strength, but its influence is almost non-existent in the West.

The solution to religious diversity is a policy of religious freedom without one official state religion or church as in some parts of the world. In Britain, for instance, the Anglican Church (Church of England) is the official state church, with Archbishops appointed by the Prime Minister and the monarch serving as head of the Church. However, Britain does allow for freedom of religion. People should be able to worship their God as they wish, without government interference. Individual groups must be free to practice their religion of choice. Religion and language are personal attributes and should be respected as such. Let the churches and cultural organisations look after the religion and language of their groups – governments in multicultural societies should never interfere. It remains, however, a necessity for every public administrator to know, understand and respect the religion, language and other aspects of group culture in their society. They must inform themselves on the various values fostered by these cultural groups.

### **Private sport organisations**

Sport organisations can be divided into amateur and professional sport organisations. Amateur sport organisations may be classified as social organisations, while professional sport organisations are nothing other than economic organisations. The latter are business enterprises of recent development with the purpose of making money, where professional sportsmen and –women participate in their sport in a full-time capacity for the sake of earning a regular income. The professional sports organisations should rather be seen as economic organisations and not as social organisations, although they may have developed from amateur sports organisations. Amateur sports organisations should be regarded as non-profit social organisations for the sole purpose of providing social recreation, leisure pastime and relaxation for both participants and spectators. It is common practice that at local level government helps with the supply of facilities for local amateur sport organisations, for instance, the supply of sports fields and subsidies for maintaining them. Otherwise they are dependent upon membership fees, gate entrance fees and private donations. In a communalist or collectivist system everything is supplied and paid for by government, but then government also controls every sportsman's or woman's life – government decides who is allowed to participate and in what sport. In a free society, this remains the free choice of the individual.

To help these amateur sports organisations, it would be a good idea to keep a register of them with all relevant information to ensure their actual existence and genuineness. One principle that should always apply when amateur sport is being subsidised by government is an open membership policy. When local government supplies the sport facilities, such as tennis courts, they should be open and available to every ratepayer. Local government cannot expect taxpayers to sacrifice their money for only certain people to enjoy their leisure time in private and to the exclusion of those who pay for it – it simply does not work like that in a free and open society.

### **Private welfare organisations**

Social welfare organisations are usually founded on noble purposes and objectives, and run by persons on a voluntary basis without any or very little remuneration. Sometimes these organisations are financially supported by churches and/or subsidised by government. Some of these welfare organisations run old-age homes, orphanages, child-care centres and many other social welfare institutions, even for the welfare of animals, especially neglected household pets like dogs and cats.

Public administrators of Social Welfare government departments should be well informed on the nature and activities of all these social welfare organisations. In some countries private social welfare organisations are required to register with the government Department of Social Welfare. They are then granted a registration number for the purposes of granting them permission for street collections and to lobby for financial support in general, also to qualify for government grants. Registration is also necessary to clear the private social welfare sector of fraudulent persons creating fictitious organisations for personal gain. There is a need for government to control the fund raising of welfare organisations to protect the public from such fraudulent persons and their activities.

### **NON-GOVERNMENTAL ORGANISATIONS**

All the organisations cited so far can be broadly defined as non-governmental organisations. However, what are understood today as non-governmental organisations, generally known as NGOs, is something else. These are organisations with broad international or national structures or goals to be accomplished by influencing governments but they are not constituted as political parties. Defining NGOs is not an easy task for the intellectually squeamish. A 1994 United Nations document, for example, describes an NGO as 'a non-profit entity whose members are citizens of or associations of citizens of one or more countries and whose activities are determined by the collective will of its members in response to the needs of the members of one or more communities with which the NGO co-operates'.<sup>29</sup> This formulation embraces just about every kind of group, except private business, revolutionary or terrorist groups, and political parties. Other substitutes for the term NGO such as private voluntary organisations, civil society organisations, the independent sector, and the third sector (meaning neither private nor government) are likewise almost terminally vague.

Yet, although there may be no universal agreement on what NGOs are exactly, there is widespread agreement that their numbers, influence and reach are at unprecedented levels. In 1948, for example, the United Nations listed 41 consultative groups that were formally accredited to co-operate and consult with the United Nations Economic and Social Council; in 1998 there were more than 1500 with varying degrees of participation and access.<sup>30</sup> Non-state actors operating around the United Nations system now include a range of types that can be distinguished by their aims and not by their membership. The fact that NGOs are considered a residual

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29 Simmons, P. J., 1998, 'Learning to live with NGOs' in Find Articles.com, Internet <http://www.findarticles.com>

30 Ibid.

category (called the third sector, meaning that they are some entity, anything other than state organisations) requires precision in identifying the various types of actors that constitute non-state actors. A particular NGO could fall under more than one of the following categories.

### **The four types of NGOs**

There are four types of NGOs seeking to influence policy:<sup>31</sup>

- *The lobby type:* This type works primarily in the lobbies of international and national organisations, seeking discussions with national delegates and staff members of international secretariats and national government departments. Both through formal statements in United Nations forums and through informal negotiations with international and national civil servants and members of national delegations, the lobby type of NGO seeks to ensure that their positions, and that of their constituencies, find their way into international and national decisions, policies and texts. They sometimes offer services, such as research and drafting reports, and always provide information to support their positions. In fact, some NGOs have no doubt contributed more to international and national agenda setting than either international government organisations or individual governments. Examples would be Greenpeace, the International League for the Rights of Man.
- *Public advocacy type:* The primary goal of these organisations is to influence broad public opinion, which, however, includes public delegates to international organisations. They typically make public statements, seek to produce documents that can be circulated in decision making institutions and publish the results of their research. They often play a particularly important role in promoting the various so-called “days”, “years” and “decades” which the United Nation system often proclaims. Examples would be Amnesty International and the Association of World Federalists.
- *Programme contractors:* These are private businesses, especially private voluntary organisations. The programmes of international organisations or national governments frame their work. They are paid to deliver services to governments, sub-governmental organisations and in some cases to individuals. Typically, they operate in so-called development programmes, disaster relief and aid to refugees. Their contribution may be either operational or advisory. Examples would be the International Red Cross, the International Rescue Committee, which contracts to perform certain medical services in camps of refugees supported by the United Nations High Commissioner for Refugees in Pakistan and in the former Yugoslavia.
- *Eminent International Personalities:* These prominent persons are asked to serve on honorific official commissions and as highly expert technical consultants on defined issues. Many of them have high visibility resulting from past senior positions in governments, courts of law, politics or as intellectuals. Some of these people work for their own accounts, others for governments, corporations,

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31 “Nongovernmental Organisations, the United nations, and Global Governance”, Internet, <http://www.brown.de/Departments.>, 12/18/01.

universities and specialist firms. Some of the assignments are ongoing; some are for a fixed period. Their tasks are performed for the immediate use of the organisations, but also with an eye on other consumers in a broader public.

### **The operational strategies of NGOs**

NGOs operate in one or more of the following ways in the international policy process. Their access depends on a large number of circumstances and certainly not solely on the formal legal rules governing relations between the United Nations system and non-governmental organisations.<sup>32</sup>

- *Monitoring:* This may consist both of a visible presence in the form of a representative as well as the collection of information on the functioning of a particular international organisation in a particular location (e.g. the World Meteorological Association) or a group of institutions there (e.g. all of the human rights-related bodies in Geneva). Typically, results are reported to a headquarters. This function comprises a passive role in the direct organisational processes of inter-governmental organisations.
- *Explicit persuasion:* This consists of direct efforts to persuade individuals with official or influential roles in decision making of the point of view of an NGO. The NGO representative typically employs both verbal and written forms of persuasion that include information, argument and sometimes rewards. The efforts to gather and publicise various forms of research and analyses can be a significant element in legitimating activities.
- *Conceptual and technical advice:* These may be solicited or unsolicited lobbyists who typically have expert knowledge of their subject matter and willingly offer it to those who will listen. On some occasions NGOs are invited to submit their advice on issues before deliberative organs. Secretariat members may also seek or receive such advice. Sometimes NGO representatives are asked to help with drafting of official papers and resolutions. This may be done either on a formal or informal basis. Historically speaking, NGOs have often set agendas for states – for example, the abolition of slavery in the 19th century. More recently, many observers point to the framing of the international debate about human rights, gender, grassroots development and the environment. An example would be various AIDS-related researchers in touch with the World Health Organisation.
- *Delivery of goods and services:* The bulk of organisational expenditures are probably accounted for by NGOs active in the development and disaster areas. Here these institutions not only raise their own resources from the public, but frequently receive significant additional funds from governments (e.g. CARE or the Norwegian Refugee Council) and act as subcontractors for projects from United Nations agencies (e.g. the Danish Refugee Council providing truck drivers for United Nations High Commissioner for Refugees' convoys in the former Yugoslavia). The physical involvement of NGOs on the front lines in the field enhances their credibility when they speak out on related public policy issues.

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32 Ibid.

- *Attention getting:* While all public statements and manifestations seek to attract attention, in recent years NGOs have developed relatively spectacular devices. All of these have the character of “public relations” exercises. An important recent variety is exemplified in the parallel meetings in the same city as United Nations global ad hoc conferences, such as those on women, the environment, AIDS and human rights. Leaders of NGOs try to assemble a large collection of followers. Another version of the same technique is the production of rock music festivals or symphony concerts for audiences that are more exclusive. Other attention-getting methods include early warning of disasters by NGOs, publication of dramatic reports, controversial press encounters by celebrated figures and special conferences on current issues with leaders in attendance. These efforts are directed primarily at a public of wide scope or the undifferentiated mass public.
- *Creation of transnational relationships:* “Networking” may have become an overworked term in international parlance. However, it aptly describes a significant function of many NGOs, namely to create linkages, be they formal or informal, and bonds among like-minded individuals and groups across national boundaries. An example would be Parliamentarians for Global Action.
- *Co-ordination of activities:* A few NGOs have the assigned task of co-ordinating the activities of either a selected group of organisations or as many as possible around a particular issue. Some of these NGOs are continuing agencies that have the form of federations of the organisations that they represent. Others are concerned only with particular issues for short periods. In either form, they represent the views of their member organisations and seek to use appropriate techniques for achieving their goals. An example would be the International Council of Voluntary Agencies (ICVA) in Geneva mainly for European NGOs, Interaction in Washington, DC (for United States-based NGOs), the South African National NGO Coalition (SANGOCO) for South African NGOs. In a recipient country where United Nations agencies operate, umbrella groups sometimes exist for local NGOs – for example, ‘Coordinación’ in Guatemala to facilitate the efforts of local groups working with uprooted populations inside the country. Within a region there can also be a similar umbrella-type organisation for all private groups within that larger area – for example, ‘Concertación’, which links development groups in five Central American countries. At a macro level, the World Bank tries to co-ordinate NGOs in their projects; at the country level, the United Nations Development Programmes does the same.
- *Feedback to national systems:* Much of what NGOs do in international organisations is intended to have a direct impact. However, especially in the case of lobbying and advocacy organisations, effects often have as much to do with indirect connections back to national governments as they do with direct participation in United Nations processes. Some NGOs are maintained by direct membership and others are based on groupings of organisations. In either case, they usually claim, often quite accurately, access to and persuasiveness in national politics. They are thus able to support United Nations recommendations and programmes that accord with their aims and to oppose those that do



not. They seek additional legitimacy from their participation in United Nations processes. This applies to all-purpose organisations like the United Nations Association as well as to narrower ones like the United States Committee for the United Nations Economic and Social Council. Moreover, in some instances they can become effective bearers of new ideas. For example, a growing awareness of the potential contribution of local NGOs grows from experience with refugee organisations in Central America. These have often modelled policy for intergovernmental organisations; for example, the United Nations High Commissioner for Refugees had to respect the determination by local groups of refugees about when and where they decided to return to El Salvador and Guatemala as well as about their insistence to provide similar assistance to both refugees and internally displaced persons.

### **Some serious questions about NGOs**

Some serious questions about NGOs should be considered. One is their legitimacy and the other their strategies and underlying motives. Some of them have a positive image resulting from their positive contributions to national and international affairs and problems, such as the International Red Cross supplying aid to refugees, the World Wildlife Foundation for its nature conservation work, Transparency International for its actions and research on government corruption. These NGOs act in a civilised way by negotiations through the official democratic channels of communication. NGOs like these gained their legitimacy by positive public support emanating directly from their positive contributions to the solving of national and international problems in their respective fields over many years. Some of them gained legitimacy by their positive relationships with the United Nations and good standing with national governments.

However, the legitimacy and motives of some are under suspicion. The general perception is that most of the multitude of so-called NGOs originated from self-appointed individuals personally frustrated with some social, economic or political aspect in life – in some cases failed intellectuals, politicians, lawyers and frustrated housewives. With a personal computer and Internet website, such persons establish and disseminate their agenda, recruit support and raise funds via the Internet. Cases can be cited where such NGOs were established for personal financial gain and where the management of such NGOs has been jailed for fraud and theft of donor money. Some are nothing more than troublemakers organising demonstrations and marches against meetings of other organisations and thus making themselves guilty of civil disobedience and criminal offences. A good example of the latter type is the Anti-globalisation Movement responsible for the chaos and vandalism in Davos, Switzerland, and Genoa, Italy during the recent annual meetings of the World Economic Forum and the World Trade Organisation respectively. The same group, with a very provocative document on their website, called for “an ‘Anti-Capitalist Convergence’ against the World Economic Forum” in New York on 31 January – 4 February 2002. The agenda of the World Economic Forum included discussions on ways to reduce poverty around the world, improve global security and to restore economic growth in the midst of a worldwide recession – all of them noble objectives. The NGO organisers’ call for demonstration was a call for a “social revolution” and the list of “endorsers” reads like a “Who’s Who”

of the world's Socialist/Communist fraternity,<sup>33</sup> amongst them “leaders of left-wing labour, student and environmental groups”.<sup>34</sup> Four thousand police officers were deployed at the expense of the New York taxpayers to control the demonstrators. The protesters were nothing but a frustrated minority group of radical anarchists supported by civil rights lawyers criticising the police for promising to make arrests for misbehaviour.<sup>35</sup> The civilised way to solve problems and make statements is to seek negotiations and dialogue with the political establishment and organised business, not street confrontations and hooliganism.

It is the task of the public administrators to study these NGOs, their policies, strategies and behaviour. They must be able to distinguish between those with positive objectives and civilised strategies and those with negative objectives and malevolent strategies and motives. No public administrator can or should deal with radical anarchist protesters who turn to violence and vandalism to destabilise the national order – acts that other civilised NGOs condemn. Always check their legitimacy measured by the nature of their constituency, their objectives and integrity. These are all problems crossing the official path of public administrators and they must deal with them in the best interests of the individual citizen and the country as a whole. NGOs of all kinds are part of the human environment of public administration supplying inputs for the policy-making process on almost all kinds of government functions and activities. Special attention should be given to local and national NGOs with a good reputation and positive attitudes, because they represent someone and they have the right to put their case and make their point on issues concerning them.

## SUMMARY

It is almost impossible to do justice by way of a description and explanation of the term “public” in one chapter. It is a vast subject and the study object of many social disciplines, especially Sociology. Sociology is the scientific study of the development, structure and function of human society. Other disciplines within the social sciences - including economics, political science, anthropology, and philosophy – are also concerned with topics that fall within the scope of sociology. Sociology examines the ways in which social structures and institutions – such as class, family, community, and power and social problems – influence society. Social interaction, or the responses of individuals to each other, is perhaps the basic sociological concept, because such interaction is the elementary component of all relationships and groups that make up human society. It was not the purpose here to give a complete sociological explanation of “the public”; the purpose was to inform the student and future public administrator of the complexities of public interactions that could have a possible impact on government policies and activities. Serving the public is a very complex process that demands a reasonable knowledge of how the public is organised and how they act and react in response to the actions of a government and its public administration.

The individuals of any country making up the so-called “public” consist of many kinds with a variety of personality traits, particular values and needs. Individuals are

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33 <http://www.abolishthebank.org/wef2002.html>, 31/1/2002

34 <http://www.newsday.com/business/nationworld>, 31/1/2002

35 *Ibid.*

born and brought up within communities and communities form societies and particular social orders may eventually form a nation and nations form nation-states requiring political and administrative institutions to manage the nation's collective interests and needs. What must be understood here is that each member of a community is an individual with individual problems and needs and that an individual's problems and needs are, from his personal point of view, the most important problems and needs in the world. Therefore, it is obligatory for the public administrator to deal with every individual and his problems with sympathy, consideration and respect. Public administrators must listen to their problems and take account of them in making decisions.

What is of importance here, as far as the individual is concerned, are the principles of individualism and the rights and moral values of the individual. The primary principle is that a Divine Creator has created a person as an individual. Although a person is born as an individual, he actually forms part of a community right from the day of his birth. He is already a member of society when he appears as a thinking, volitional creature, for a thinking rational person is inconceivable as a solitary individual. Because of their particular needs and particular values, families are brought together with other families with the same particular needs and particular values in what are called communities. These particular needs and particular values then become the collective needs and common values of the community so formed. It is these collective needs and common values of such families that bring them together in one community. The essence of a community is the division of labour to satisfy the collective and particular needs of the individuals forming the community and the mutual acknowledgement of common values of such a community. Communities exist only where willing becomes co-willing and action co-action.

Forming communities for the purposes of co-operation is not communalism. Communalism is the opposite of and contradicts individualism. Communalism per se is a form of collectivism in which ownership of the means of production is vested in a smaller unit, the commune. The concept of communalism negates individualism. Communalism and communal living entails the voluntary sharing of life by a small group who believe that they can live better together than they can alone. Any study of communities and communalism would not be complete without a study of "African communalism". The African tribal system is a typical example of a system based on the philosophy of African communalism. The philosophy underlying the African tribal system is called *Ubuntu*, a philosophy based on communalism with a kind of collectivism and altruism, mistaken for humanness, as its underlying principle. It is for the public administrator in plural societies to find a balance between individualism, communalism and especially African communalism that seems to clash with the Western philosophy of true individualism. This would be a formidable task requiring only the best-educated public administrators conversant with the philosophy of public administration.

Interest groups may take many forms. An organised interest group is any group of people that, on the basis of one or more shared needs or values, makes certain claims upon other groups in the society for the establishment, maintenance or enhancement of forms of behaviour that are implied by their shared needs or values. Unorganised

interest groups pursue their goals with little or no conscious or planned co-operation, but make their presence felt mainly through spontaneous parallel action.

Before the principles ruling these private interest groups can be discussed, one must first have clarity about the meaning of 'private interest' of these groups and the so-called 'public interest'. References to the so-called 'public interest' appear with great frequency in contemporary political discourse. The principal question here is: who decides what is in the public's interest and who defines the public's interest? Whose standards and what principles are being used to determine the so-called 'public interest'? Whose interests are we referring to when we talk about the 'public interest'? The problem of defining the 'public interest' is not so easy. One could attempt a definition by saying that the 'public interest' lies in satisfying the collective and particular needs and values of every individual without any sacrificial victims. The moment one individual's interest is sacrificed, then one could argue that such policy is not in the public's interest.

A political party is an organised group of people sharing common policy preferences and usually a general ideological position. Simply to have such a common vision does not make a political party – it is necessary also that they seek, or have, political power. Political parties are certainly one of the most important institutions in any democracy and one of the crucial distinctions between democratic and authoritarian societies can be found in the differences in organisation and function of political parties in the democratic and authoritarian systems. In a democracy political parties are supposed to serve as communication channels between the public and the government, and also as a locus of public accountability and responsibility, a source of informed criticism and a means of concentrating the diffused power of individual citizens into a coherent and meaningful social force. Two-party systems are systems not necessarily of two parties only, but a system of two parties dominating the political scene, with smaller parties of insignificant representation. Multiparty systems are systems characterised by an excess number of small political parties competing for voter support; there is less compromise and a party's strategy emphasises retaining the support of its core voters. In an authoritarian system political parties are suspect. The evangelists of the 'one true faith' in politics have no place in their political schemes for a multiplicity of political parties, though they may allow one party to function – their own. All too often the authoritarian political party is not a party in the democratic sense of the term at all, i.e. it does not seek to channel public desires into governmental policy, nor seeks support among the population. Instead, it begins as a conspiracy – an instrument for seizing political power.

Political parties are not the only interest groups with influence on the activities of the public administrator. There are many a-political interest groups such as economic organisations, professional institutes, trade/labour unions, social organisations and so-called non-governmental organisations. These organisations try to promote the collective interests of their members by any legitimate means outside the party political sphere and sometimes through party political channels. Most of them are for that reason a-political or pretend to be a-political, always seeking the favour of government irrespective of which political party governs. The economy of any country consists of many branches and types. In most countries all of the mentioned economic

subjects are well organised in interest groups, everyone looking after the collective interests of their industry or trade. Their relationship with government is more of the lobbying kind, seeking favours from government rather than being pressure groups.

Closely related to economic organisations is organised trade and labour. Trade or labour unions are in fact organised economic subjects in the same way as any other economic organisation. Labour relations are very complicated and public administrators, especially those working for the Department of Labour, must be well informed on the organisation of trade or labour unions and must be experts in the functioning of labour relations. Apart from being a well-educated public administrator, such a person should also be well informed on labour law. Professional institutes are closely related to labour unions and are an important role-player in a country's economy. They are a very important part of the services industry. Professional institutes are usually established by a government Act and controlled by a code of conduct and a council elected from their own membership. The fact that professionals in vocational fields are required to register as such has one positive point: it guarantees their clients that they command the right qualifications for the job. However, it does not guarantee quality services in all instances.

Social and welfare organisations are another form of interest group that influences the activities of the public administrator. For our purposes 'social organisations' are narrowly construed as relating to organisations other than political and economic organisations. They rather refer to organisations concerning the culture or the physiological and psychological (spiritual) welfare of people in communities; in some cases they are referred to as social welfare organisations and in other cases as cultural organisations. Social and cultural civilities of human beings are personal, private and politically very sensitive, and government should rather not interfere with a community's social and cultural activities. Religion and language are among the most important and sensitive social and cultural activities. Governing multicultural societies has proven to be very problematic for this reason. In multi-religious and multi-lingual societies political intervention by government can cause severe friction and can eventually lead to political unrest. It remains a necessity for every public administrator to know, understand and respect the religion, language and other aspects of group culture in their society.

Sport organisations can be divided into amateur and professional sport organisations. Amateur sport organisations may be classified as social organisations, while professional sport organisations are nothing other than economic organisations. One principle should always apply when amateur sport is being subsidised by government and that is an open membership policy to everyone that wishes to participate.

All the organisations cited so far can be broadly defined as non-governmental organisations. However, what are understood today as non-governmental organisations, generally known as NGOs, is something else. These are organisations with broad international or national structures, goals and objectives to be accomplished by influencing governments but they are not constituted as political parties. Yet, although there may be no universal agreement on what NGOs are exactly, there is widespread agreement that their numbers, influence and reach are at unprecedented levels. Some

serious questions about NGOs should be considered. One is their legitimacy and the other their strategies and underlying motives. Some of them have a positive image resulting from their positive contributions to national and international affairs and problems. These NGOs act in a civilised way by negotiations through the official democratic channels of communication. However, the legitimacy and motives of some are under suspicion. The general perception is that most of the multitude of so-called NGOs originated from self-appointed individuals personally frustrated with some social, economic or political aspect in life – in some cases failed intellectuals, politicians and lawyers. It is the task of the public administrators to study these NGOs, their policies, strategies and behaviour. They must be able to distinguish between those with positive objectives and civilised strategies and those with negative objectives and malevolent strategies and motives. No public administrator can or should deal with radical anarchist protesters who turn to violence and vandalism to destabilise the national order.

### **POSSIBLE EXAMINATION QUESTIONS**

1. Explain what is meant by the individual as citizen and by individualism (30 minutes)

#### **Points to be discussed:**

- The various kinds of individuals;
- Citizenship;
- Refugees and asylum seekers;
- The principles of individualism;
- Personhood;
- Individualism and society;
- Individualism and moral values;
- Individualism and self-reliant independence;
- The individual as a rational volitional being.

2. Explain the nature of communities and communalism (45 minutes)

#### **Points to be discussed:**

- The individual as part of a community;
- Collective needs and common values of communities;
- Division of labour as the essence of modern communities;
- Society and social co-operation;
- Community work and community will;
- Communalism as antithesis of individualism;
- The meaning of collectivism;
- Communal ownership;
- Distribution of wealth as collectivism's main objective;
- Israeli Kibbutz system as an example of communalism.

3. Explain African communalism (20 minutes)

#### **Points to be discussed:**

- African tribal system;
- Headmen, tribal chiefs and tribal areas;

- Subsistence farming;
  - Lack of commercial farming;
  - Philosophy of 'Ubuntu';
  - Collective brotherhood, communal membership and collective morality.
4. Explain the nature of interest groups and the meaning of 'public interests' (30 minutes)

**Points to be discussed:**

- Organised interest groups;
- Unorganised interest groups;
- Spontaneous passive resistance and active resistance;
- The right to march and demonstrate;
- Responsible interest groups;
- The meaning of the 'public interest';
- Who decides what is in the public's interest and on what grounds?
- Majority does not make moral and might does not make right.

5. Explain political parties as special interest groups (30 minutes)

**Points to be discussed:**

- Political power;
- Political parties in democracies;
- Two-party systems;
- Multiparty systems;
- One-party dictatorships and single-party states.

6. Explain economic organisations as interest groups (30 minutes)

**Points to be discussed:**

- Primary, secondary, tertiary and services economic groups;
- Trade and labour unions;
- Professional institutes.

7. Explain social and cultural interest groups (30 minutes)

**Points to be discussed:**

- Meaning of social and social organisations;
- Religious and language organisations;
- Private sport organisations;
- Private social welfare organisations.

8. Explain the existence and roles of NGOs (40 minutes)

**Points to be discussed:**

- The four types of NGOs;
- The functional strategies of NGOs;
- Serious questions about NGOs.

# CHAPTER TWO

## PUBLIC NEEDS

### STUDY GOAL

The purpose of studying this chapter is for the student to know and understand the nature of the public's needs, most of which have to be satisfied by the government.

### LEARNING OBJECTIVES

After studying this chapter, the student should be able to explain the following concepts in his or her own words:

- Maslow's hierarchy of needs;
- The social needs of people;
- The political needs of people;
- The economic needs of people;
- The safety and security needs of people.

### INTRODUCTION

Every individual and every organised interest group has special collective or particular needs. Needs as defined here are not only the "psychological" needs of individuals, but also include so-called particular and collective "physiological" needs of individuals and communities. It is appropriate first to study Maslow's<sup>36</sup> hierarchy of human needs. One of Maslow's most important contributions was his theory of human needs.<sup>37</sup> This theory explained that human needs were hierarchical in nature. He believed that humans strive to reach the highest levels of their capabilities. People seek the frontiers of creativity and strive to reach the highest levels of consciousness and wisdom. Maslow called the people who were at the top "self-actuating" persons. Maslow believed that each person has five categories of needs:

- *Physiological needs* – Basic needs for the body, such as food, shelter, drink, rest, etc.;
- *Safety needs* – Where the basic needs are reasonably satisfied, we turn to thinking about protection from danger, security and civic order so that we feel safe;
- *Social needs* – Once the first two needs have been reasonably satisfied, social needs such as acceptance, giving and receiving affection and "belonging" become things that people want;

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36 Maslow, Abraham Harold (1908-1970), American psychologist and leading exponent of humanistic psychology, who spent most of his teaching career at Brandeis University. Maslow's writings include *Motivation and Personality* (1954), *Toward a Psychology of Being* (1962) and *Farther Reaches of Human Nature* (1971).

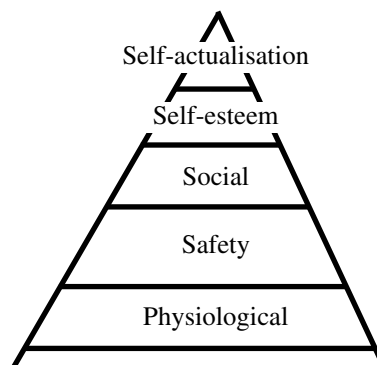
37 Maslow, Abraham, 1954, *Motivation and Personality*, New York, Harper and Row, quoted in Robbins Stephen P, 1980, *The Administrative Process*, Englewood Cliffs, N.J., p. 295.



- *Ego needs* – Next come people’s needs for achievement, self-esteem, self-confidence, respect and status;
- *Self-actualisation needs* – Finally, at the top of the hierarchy, once all the other levels have been reasonably satisfied, is the need to become the person that we feel we are capable of becoming. This means that we have achieved what we consider our very best.

The lower needs (the physiological needs) need to be at least partially satisfied before the higher needs (the psychological needs) can be activated and satisfied. It is also true that people are often motivated by more than one level or set of needs at a time and that they place varying degrees of importance on different needs. This means that someone could be motivated by their basic need for food, shelter and comfort, but may override these needs by refusing to do a job that contradicts their personal values. In such a case their self-esteem, which is an ego need, was the dominant need.

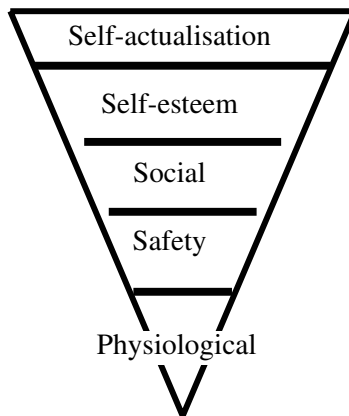
**Figure 3: Needs hierarchy for developing societies**



In under-developed or developing societies one may find that the demand for the physiological needs forms the largest part of the needs level in the hierarchy, while in affluent societies quite the opposite applies.

What Figure 3 tries to explain is that the lower the level of development of a society, the larger are its needs for the basic physiological things at the bottom of the hierarchy, such as food, housing, primary healthcare, leisure, relaxation and sports facilities. As such societies progress in development and the satisfaction of the physiological needs reaches saturation, the needs demand shifts to the next level of safety and security and personal social needs, such as education and mental development (a combination of physiological and psychological needs). When these “lower” needs are satisfied, the needs shift higher up to self-esteem and self-actualisation – the purely psychological needs for a good quality of life.

**Figure 4: Needs hierarchy of affluent societies**



What Figure 4 explains is that the higher the development of a people, such as in the case of affluent societies, the higher the need for the more psychological needs such as self-esteem and self-actualisation, and the lower the safety, security and personal social needs. Because the physiological needs have already been supplied to a point of total satisfaction, the demands for them have in fact been totally saturated.

These two models represent the extremes of the hierarchy of human needs. Most societies will be located somewhere between these two extremes of the needs hierarchy. Every society will have its own typical needs hierarchy. What is worth noting here is that one cannot make a clear distinction between physiological and psychological needs. The satisfaction of some psychological needs demands physical infrastructure like schools and universities to satisfy psychological needs. Governments therefore face the dilemma of having to decide on an optimum needs-satisfaction policy and programme. Another problem is that some of these needs can be categorised as particular and some as collective. The satisfaction of particular personal needs is typically private and collective needs are typically public. The public administrator must be able to make this distinction in order to decide what services government should provide and what should be left to the private sector.

It is difficult to distinguish between collective needs and individual needs, because whether one wishes to classify needs as either collective or particular, the fact remains that the individual creates the demand for both types of needs to satisfy his personal goals and objectives; all needs are therefore particular. Collective needs can be identified as those general or common needs that require satisfaction on a collective basis by the government institution on the appropriate level. These could, for instance, be the defence of the country by the central government against foreign aggression or the supply of streets, roads and other means of public transport infrastructure by local government. It remains, however, a particular need of every individual to be protected by government against foreign aggression. The need for roads is an indirect need caused by the ownership of private motorcars. All private motorcar owners have a common need for roads to travel on. In the case of organised interest groups, one may talk about the collective needs of its members. Organised interest groups are organised

for the purpose of enhancing and protecting the common interest of their collective membership. The common interest and common needs of an interest group are, however, the sum total of the particular needs of all members of such group that are common to all members.

However, these collective needs are less personal and do not apply to the physiological and psychological (mental) needs of the body and mind of an individual. The latter are so personal that they differ from person to person. Particular needs therefore apply only to those needs experienced personally by each individual. Personal needs are natural; they emanate from the personal demands of every individual as a separate distinguishable human entity within society, whose particular natural needs may differ from those of any other person because people differ genetically. Collective needs are therefore the common particular needs demanded collectively by a group of people in a community and particular needs are those natural personal needs demanded by each individual that are not common to all individuals in a community.

For the purposes of studying public administration, collective and particular public needs are categorised as social, economic, and political needs, as well as the need for public security, safety and justice. These groups of needs emanate from the human environment as discussed in Chapter One. It is incumbent upon every public administrator to research the human environment to determine the collective and particular needs of his department's 'clientele'. Without a proper knowledge and understanding of these needs, the public administrator will not be able to formulate proper policies and legislation for satisfying such needs; this is so obvious that it hardly needs any further argument and explanation

## **SOCIAL NEEDS**

It is neither possible nor is there any need to identify and explain every social need emanating from the human environment. Only the most important ones will be cited and explained. These are, for instance, the need for education and training, for personal and environmental health care, leisure, relaxation, sport, religion, and the need for language and culture.

### **Need for education and training**

Education and training are socio-psychological particular needs and lie at the bottom level of Maslow's hierarchy of needs of a community. However, as soon as a person becomes educated and acquires specific positive skills through training, one can argue that this then satisfies the higher levels of the needs hierarchy. Education and training help to develop the self-esteem and self-actualisation of the individual. Education denotes the methods by which a society hands down from one generation to the next its knowledge, culture and values. The individual, being educated, develops physically, mentally, emotionally, morally and socially. Consequently the character and mental powers of the individual are developed. As explained in the Introduction, academic education aims at developing the mind (the intellectual skills) of the individual and produces persons who are intellectually equipped with normative principles deduced from natural law, by logical reasoning based upon natural facts.

Training refers to the development of the physical skills of a person to a requisite standard by protracted and careful instruction and demonstration to become proficient in the exercise of some vocation or to become an artisan such as a mechanic, bricklayer, carpenter, computer technician or cabinetmaker and even an “administrative technician”. Some vocations need both education and training in a complementary process of teaching, such as the medical profession. Indeed, every vocation needs a period of internship for training in the practical application of the acquired academic knowledge.

An individual teacher, the family, a church, or any other group in society or government may accomplish the work of education. Schools, universities and colleges are agencies employing men and women who are professionally educated and trained to carry out formal education and training. Today it is generally accepted that the social, economic and political development of a nation can be best achieved through the education and training of the individual citizen. In other words, education and training are aimed primarily at the development of the intellectual and skills of the individual, which may then lead to the development of a country’s population as a whole.

It should be clear that education and training are a particular personal need with collective positive spill-over for the whole community. Their aim is the particular development of the individual according to each individual’s peculiar mental and physical abilities. As already explained, no two persons are physically and mentally the same. Their aptitudes and skills abilities are not the same, except in cases of identical twins that are born genetically the same. Everyone has a particular need for education and training. In a free society individuals must be free to choose what to study and learn; in other words every person must be free to choose his own vocation for education and training, because in a free society every individual is responsible for his own destination in life. It will be wise for every individual to obtain advice in the form of intelligence quotient (IQ) and aptitude tests to help him in making a choice.

There are several levels of education specially designed for knowledge progression in a hierarchy of educational institutes, starting with pre-primary education, primary education, secondary education at school level and finally tertiary education at university and college level. Vocational training in the handicrafts for artisans usually takes place in technical schools, technical colleges and through on-the-job training.

Again, one can argue that public administrators dealing with education and training must be well-qualified educationalists. They must be informed not only on the general needs for education and training, but also understand the particular nature of the public’s needs for education and, above all, they must be well-qualified and able professional public administrators once they reach the senior management level of an education department.

### **Need for health care**

The need for health care is a socio-physiological need because it concerns the physical health of the individual and lies at the basis of Maslow’s needs hierarchy of society. The need for public health care is also a very personal need, because it concerns the bodily and mental health of individuals. Public health care can roughly be divided into two main types, namely personal health care and environmental health care. According to the World Health Organisation (WHO), personal health care concerns

the physical, mental and social well-being of the individual and not merely the absence of disease or infirmity. Personal health care's main objective is the physical and mental fitness of the individual to meet the demands imposed by the environment and daily life. Fitness in this sense is a state of the body that helps to develop a more positive and dynamic attitude to life and is likely to affect most phases of human existence. Personal health care covers two major areas, namely preventive health care and curative health care (curative medicine and surgery), including rehabilitation. These two main types of personal health care cover four major areas:

- the promotion of positive physical and mental health and vitality;
- the prevention of infectious and non-infectious diseases as well as injuries;
- the organisation and provision of services for diagnosis and treatment of illness; and
- the rehabilitation of sick and disabled people to their highest possible level of function.

Preventive medicine is a medical speciality that promotes health and prevents illness. Preventive-medicine strategies can focus on the population or on the individual. Examples are immunisation projects against many infectious diseases, screening programmes to identify individuals with high blood pressure and high cholesterol for the prevention of heart diseases and screening for lung cancer, etc.

The need for environment health care has to do with the healthy circumstances in the natural and physical environment in which individuals live, work and play. Environmental health care maintains a clean and healthy environment free from polluted water, polluted air, polluted land and also workplaces free from any health hazards and dangers – a safety and security need. Governments have attempted to prevent disease by requiring purity of air, water and sanitation, and by prohibiting the use of food additives that cause cancer and other illnesses. The promotion of safety in the workplace is another example requiring the removal of accident and other hazards, such as limiting employees' exposure to chemicals and radiation. A good example of a hazardous workplace was the asbestos mines of South Africa that caused a fatal lung illness called 'asbestosis' for many of the mineworkers employed by these mining companies.

The professional public administrator responsible for administering health services must be well acquainted with all aspects of this line function. It is therefore imperative that such public administrator must also be a well-qualified medical expert.

### **Need for leisure, relaxation and sport**

The need for leisure, relaxation and sport, a typical physiological need in a society's needs hierarchy, results from the need of workers to rest, relax and participate in sport to recuperate from physical and mental fatigue. The productivity of every normal working person is high at the beginning of a work shift, but gradually declines as the day proceeds. The longer the work shift and the later it becomes, the higher the physical and mental exhaustion and the lower the production until it reaches the zero mark. The worker becomes physically and mentally fatigued, sometimes to such an extent that to keep on working could jeopardise the workers' health and physical safety. The need for leisure, relaxation and participation in sport is both a socio-

physiological and socio-psychological need. The worker must be able to recover from both physical and mental fatigue. Activities related to this are part of the social activities of the individual.

Leisure refers to activities other than work; leisure includes free time, allowing a release from occupational or domestic responsibilities; forms of relaxation, such as recreation and hobbies; and various creative pursuits that provide for imaginative expression, such as all forms of fine and performance arts. Leisure is also commonly regarded as part of the quality of life in itself, or, as it was referred to formerly, a “gentlemanly” mode of existence entailing no practical work. Have you ever heard about the “idle rich” of days gone by?

The demarcation between work and leisure was a result of mass industrialisation and the separation of ways of earning a living from other activities. Social reformers pondered over the question of whether restricted working hours and specified non-work time led to dissipation or self-improvement among the workforce, and whether leisure activities should be subjected to authoritative social control. As spare time in pre-industrial, less technological societies was rare, because work for most people was hard with long working hours, amusements were self-made and more simplistic. However, leisure in post-industrial societies in developed countries relies more on structured, commercially available leisure activities.<sup>38</sup>

This need for leisure created a vast leisure industry. It is a service industry encompassing a wide range of activities, facilities and services, including sport, physical fitness, recreation, art and entertainment, hospitality and the tourist industry, all devoted to providing ways to fill its customers’ leisure time. The leisure industry is one of the largest, most diverse, profitable and ubiquitous – as well as fastest growing – industries in the developed world. Leisure services stem from three sources:

- the non-profit private sector such as amateur sport clubs;
- the government sector;
- the private business sector.

Leisure organisations in the voluntary sector provide facilities and activities for local communities, or shared interest groups, through clubs and societies. They may be considered as outside the leisure industry proper. Private clubs and groups such as youth clubs, play schemes, the Boy Scouts Association and Girl Guides, amateur theatre groups, amateur sports clubs, and hobby groups are all part of the leisure industry but non-profit seeking.

The public sector consists of national, regional and local government. These government sectors sometimes provide financial aid for leisure facilities and activities through parastatal organisations such as arts councils and sports councils. Local authorities are involved in the provision of community facilities such as sports centres, public swimming pools, libraries, arts centres, museums, sports grounds, community centres and education-related leisure activities such as evening classes.

In the developed world the private sector is by far the largest provider of leisure activities and facilities. Private companies make a major contribution to the industry in

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38 Nixon, Paul, “Leisure” in Microsoft Encarta Encyclopaedia 2001

the form of private leisure centres, health clubs, golf courses, cinemas, theme parks, leisure goods, horse racing, casinos, discos and many other such enterprises. These are all profit-seeking businesses.<sup>39</sup>

Nevertheless, and in spite of the fact that leisure has become big business in developed and in some developing countries, some governments in developing countries play a prominent role in supplying leisure facilities. Some even have special Sports and Recreation Departments and the public administrators of these departments should be well informed on such activities and needs for policy formulation and service delivery.

### **Cultural needs**

People learn culture – a typical social need in the needs hierarchy. Culture is a body of learned behaviours common to a given human society. Culture has a predictable form and content and acts like a template, shaping behaviour and consciousness within a human society from generation to generation. Culture actually resides in all learned behaviour and in some shaping template or consciousness before behaviour as well – that means a “cultural template” can be in place before the birth of an individual person. Individuals are therefore born within a specific cultural environment and learn the values of such culture as they grow up.

Matthew Arnold<sup>40</sup> saw culture as the contact with the best which has been thought and said in the world that is a crucial component of a healthy democratic state – the so-called “high culture”. Arnold’s view of culture as involving such characteristics as “beauty”, “intelligence”, and “perfection” is a Neoplatonic one – that is, it tends to assume that these values exist in the abstract and are the same for all human societies. His argument, then, is openly political. He feels that if more people will share and pursue his notions of beauty, truth and perfection – i.e. of high culture – then the world would be a better place.<sup>41</sup>

Contrary to Matthew Arnold, Raymond Williams<sup>42</sup> believed that culture is ‘ordinary’. Every human society has its own shape, its own purposes, its own meanings. Every human society expresses this cultural uniqueness in institutions and in arts and learning. The making of society entails the finding of common meanings and directions, and its growth is prompted by active debate and changes under the pressures of experience, contact and discovery. A culture has two aspects: the known meanings and directions, which its members are trained in, and the new observations and meanings that are offered and tested. These are the ordinary processes of human societies and human minds, and we see through them the nature of a culture. A culture is always both traditional and creative; it covers both the most common meanings and the finest individual meanings. We use the word ‘culture’ in these two senses: to mean a whole way of life, which is the common meanings, and also to refer to the arts and the learning – the special processes of discovery and creative effort.

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39 Leighfield, Margaret Ann, “Leisure”, Microsoft Encarta Encyclopaedia Deluxe 2001

40 Matthew Arnold (1822-1888), a prominent poet of the Victorian era, a lifelong educator, and a pioneer in the field of literary criticism.

41 <http://www.wsu.edu:8001/vewsu/culture/definitions>.

42 Williams, Raymond, “Moving from High Culture to Ordinary Culture”, in M. McKenzie (ed.), 1958, *Convictions*, publisher unknown.

Williams' explanation of culture as ordinary emphasises the fact of cultural diversity. Culture is a sociological concept and is concerned with a variety of human social actions. It concerns beliefs, religion, social behaviour, language, and the entire way of life of a particular group of people at a particular time. Culture includes customs, ceremonies, works of art, inventions, technology and traditions. Cultural needs is the study field of Sociology and sociologists are interested in how cultures emerge and develop, enquiring into the social conditions behind different cultures; in doing so they examine the way norms and values operate as guides to behaviour. Furthermore, they distinguish between 'high' and 'low' cultures, and identify, for example, mass culture as significant forms where behaviour is standardised within a population, and goods and services are similarly homogeneous.<sup>43</sup>

In a sense one can argue that culture encompasses politics, economics and public administration, and that politicians and public administrators operate within a specific cultural diversity, each element with its own particular and peculiar norms and values. What has so far been explained and discussed is in fact part of the mass culture of a society. For the purpose of this part of the work, culture will be narrowed down to refer to language, religion and the arts, both fine arts and the performing arts.

### **Language needs**

Language is a medium for communication among human beings that is characterised by the use of arbitrary spoken sounds represented by written symbols with agreed meanings. It is a typical social need in Maslow's needs hierarchy of societies. More broadly, language may be defined as communication in general; some linguists regard it as a form of knowledge, that is, expressing thoughts and describing concepts. For the public administrator language is nothing but a tool of communication for expression in understandable, simple and clear language. The purpose of communication by words is to paint a picture of the concept you perceive in your own mind by using the spoken and/or written word in such a way that the persons to whom you wish to convey the concept will be able to perceive this picture exactly as you perceive it in your own mind.

The broader society uses language not only as a means of communication. In some societies language forms a part of a specific culture of social literature. Those with the right talents for writing novels, poetry and drama use language and fiction tales that serve as tools of leisure. Some writers use their talent for writing novels to convey messages on political and other controversial matters concerning government policies and activities. For instance, many writers in South Africa like André P. Brink, Alan Paton, Chris Barnard, and others wrote novels exposing the atrocities of apartheid and to convey political messages. A world famous novelist, Ayn Rand, wrote most impressive novels such as *Atlas Shrugged*, *The Fountain Head* and *For the New Intellectual* and many others, in which she magnificently conveyed the philosophies of individualism and objectivism. Ayn Rand is in fact the world's most important philosopher on individualism and objectivism – of course, to the annoyance and irritation of the proponents of collectivism, socialism, communalism, and altruism

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43 See "Culture" in Microsoft Encarta Encyclopaedia 2001.



– the Attilas and the religious witchdoctors among the philosophers and other intelligentsia and politicians of the world. Poets use language to express personal inner feelings and emotion and to communicate messages. Some use language to write songs for the same purposes. All of these form part of a society's culture and are unique to every society.

In some cases language also plays an important part in politics and in ethnic groupings. Civil wars have been fought because of the suppression of an ethnic group's language, like the recent wars in the Balkan States. In multi-ethnic societies the choice of official languages are a problem and sometimes the cause of political friction. People feel more at home in their native language and can express themselves best in their mother tongue. History has proved that language is a very sensitive cultural and political issue, in fact one that cannot be ignored by politicians and public administrators. The dilemma of politicians and public administrators in a culturally diverse society is to decide on an official government language and a medium of general education in public schools, colleges and universities. The greater the diversity of culture in one political unit, the less the government should interfere with cultural affairs.

### **Religious needs**

There is a case for arguing that homo sapiens is also homo religious. People started to worship gods as soon as they became recognisably human; they created religions at the same time as they created works of art. This was not simply because they wanted to appease powerful forces; these early faiths expressed the wonder and mystery that always seem to have been an essential component of the human experience of this beautiful yet terrifying world. Like art, religion has been an attempt to find meaning and value in life, despite the suffering the human body is heir to. Like any other human activity, religion can be abused and it seems that this has often been done.

Religion was not tacked on to a primordially secular nature by manipulative kings and priests, but was natural to humanity. Indeed, our current secularism is an entirely new experiment, unprecedented in human history. We have yet to see how it will work. It is also true to say that Western liberal humanism is not something that comes naturally to us; like an appreciation of art or poetry, it has to be cultivated. Humanism is itself a religion without God. Not all religions, of course, are theistic. Our ethical secular ideal has its own disciplines of mind and gives people the means of finding faith in the ultimate meaning of human life that were once provided by the more conventional religions.<sup>44</sup>

In a commonly accepted sense the term religion refers to faith in a divinely created order of the world, agreement with which is the means of salvation for a community and thus for each individual who has a role in that community. In a sense the term applies principally to such religions as Judaism, Islam, and Christianity, which involve faith in a creed, obedience to a moral code set down in sacred scriptures, and participation in a religious group. In its most specific sense religion refers to the way of a monastic or religious order.

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44 Armstrong, Karen, 1993, *A History of God*, London, William Heinemann Ltd, p. 3.

It is impossible to find a satisfactory definition of religion or a realistic way of classifying the various kinds of so-called religions because of the important differences in function among various systems known. A general survey and comparison of religions would therefore be misleading if the material to be examined were all assumed to be of the same kind.<sup>45</sup> The three major religions cited above are not the only religions in the world. Hinduism, Buddhism, Jainism, Baha'i religion, African and Chinese religion of ancestor worship and many others are found among the world's population.<sup>46</sup>

We are so accustomed to thinking of spirituality as withdrawal from the world and human affairs that it is difficult to think of it as also being applicable to politics and public administration. Spirituality is personal and private, while politics and public administration are public. However, such a dichotomy drastically diminishes spirituality construing it as a relationship to a god without implications for one's relationship to the surrounding world. God created the world and may be deeply involved in the affairs of the world. The notion that we can be related to God and not to the world – that we can practice spirituality that is not political – is in conflict with the Judaic, Christian and Islamic understanding of God.<sup>47</sup>

If spirituality is properly political, the contrary is also true, however distant it may be from prevailing assumptions: politics is properly spiritual. The spirituality of politics was affirmed by Plato at the very beginnings of Western political philosophy and the notion was a commonplace of medieval political thought. Only in modern times has it been taken for granted that politics is entirely secular. The inevitable result is the de-moralisation of politics. Politics loses its moral structure and purpose, and turns into an affair of group interest, personal ambition and corruption. Political action thus comes to be carried out purely for the sake of power and privilege.<sup>48</sup>

The message here for the public administrator is that spirituality and religion are the bases for ethics and morality. Spirituality supplies the moral basis for action and interaction and religion supplies a moral code of ethics for interaction with the public – one of the most important public needs in any society. The dilemma of the public administrator in a society with a diversity of religions is which religion's morality and ethics should serve as his guideline? From an analysis of all the major religions of the world, it is obvious that all strive for a high degree of morality among its followers. They all reject the major sins of humankind. They all follow the so-called "Golden Rule": "Do unto others as you would have them do unto you", or as Justinian<sup>49</sup> put it: "to live honestly, to harm nobody, to render every man his due".<sup>50</sup> Leonard Swidler<sup>51</sup> cites three truths emanating from the "Golden Rule":

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45 "Religion", Microsoft ® Encarta Encyclopaedia 2001 © Microsoft.

46 See Beaver, Pierre (*et al.*), 1994, *The World's Religions*, Second revised edition, Oxford, Lion Publishing plc for a presentation of all the religions of the World.

47 Glenn Tinder, 1989, "Can we be good without God?" in *The Atlantic Monthly*, December 1989.

48 *Ibid.*

49 Justinian I (483-565), called The Great Byzantine emperor (527-565), who completed the codification of *Roman Law*. His full name was Flavius Petrus Sabgatus Justinianus.

50 Definition of "Justice" in Black's Law Dictionary, undated.

51 Professor at the Religion Department, Temple University, Philadelphia, PA, USA.

- Humans are always to be treated as ends, never as mere means, i.e. as subjects, never as objects;
- Those who cannot protect themselves ought to be protected by those who can;
- Non-human beings are also to be treated with reverence and respect because they are also creations of God.<sup>52</sup>

These are three of the most important principles that should form the basis of interaction between the public environment (human and natural) and the public administrator. The first is to accept the fact that the primary goal and objective of government and public administration is to serve the individual by satisfying his needs. The second that government and public administration must guarantee the safety and security of the individual and the third means that government and public administration must protect the natural environment in which people live, work and play. Furthermore, the need for religion in society demands that the public administrator respects this need and allow a policy of religious tolerance and freedom. It demands that the public administrator to identify a common religious ethic and common religious principles to serve as his guidelines for conduct. The need for religion is typically a social need at the second level of Maslow's needs hierarchy of societies.

### **The need for art**

Art is a disciplined activity that may be limited to a skill at painting, drawing, sculpture, and architecture – the so-called fine arts. The term is also expanded to apply to human skill in the broader sense – for example, to composing and performing music and to acting – the so-called performing arts. The term also includes the art of writing novels, drama and poems – so-called literary arts. The question “What is art?” is addressed in the field of aesthetics. Aesthetics is a branch of philosophy concerned with the essence and perception of beauty and ugliness. Aesthetics also deals with the question of whether such qualities are objectively present in the things they appear to qualify, or whether they exist only in the mind of the individual (beauty is in the eye of the beholder). Hence, whether objects are observed through a particular mode, the aesthetic mode, or whether the objects have, in themselves, special qualities – aesthetic qualities. Aesthetics also asks if there is a difference between the beautiful and the sublime.<sup>53</sup>

Literature, as another form of art, can be described as words set apart in some way from ordinary everyday communication. In the ancient oral traditions, before stories and poems were written down, literature had a mainly public function – mythic and religious. As literary works came to be preserved in writing, and eventually printed, their role became more private, serving as a vehicle for the exploration and expression of emotion and the human situation.

Art is often considered as the earliest manifestation of culture; it fulfils one aspect of the innate human desire to interpret the world and it is the earliest tangible evidence of spiritual belief. The cave paintings of the Palaeolithic age date from 32 000 years

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52 Swidler, Leonard, 2001, “Toward a universal declaration of a Global Ethic”, Internet <http://astro.temple.edu/-dialogue/Center/intro.htm>.

53 “Aesthetics”, Microsoft ® Encarta Encyclopaedia 2001. © Microsoft.

ago and, although their precise meaning will never be known for certain, they bear witness to a strong aesthetic sense and great artistic skill and a need for expressing such skills. Art in this sense also precedes the development of writing and thus literature, and is in fact its direct precedent.<sup>54</sup> Art is also the expression of creativity, invention and the ingenious use of natural materials. Art lies very high up in Maslow's social needs hierarchy of humans. It lies in the self-esteem and self-actualisation levels at the top of the hierarchy.

In some countries, especially the developing countries, because of their preoccupation with development, governments interfere with these activities through Departments of Culture and Arts, and parastatals such as performing arts councils and public museums to promote them. This fact demands that the public administrators administering these institutions be well informed on the various cultural activities under their auspices, because public needs for these cultural aspects form the inputs in their policy-making and decision making processes.

### **POLITICAL NEEDS**

Political Science as an academic discipline focuses on the systematic study of government in its broadest sense. It encompasses the origins of political regimes, their structures, functions and institutions; all the ways in which governments discover and deal with individual socio-economic problems—from individual personal needs to international diplomacy; and the interactions of groups and individuals that play a part in establishing, maintaining and changing governments.<sup>55</sup>

Politics plays a significant role in the life of individuals living in liberal democracies. Politics concerns ruling with the consent of the governed; it is an activity whereby social and economic problems are resolved and different needs are met by the process of dialogue, negotiations and compromise rather than by the application of decree and/or force. Politics results from the conflicting demands of the two most basic individual needs: survival and harmony. Politics as an academic discipline studies this conflict and tries to demarcate the rival claims of nature and reason in the process. Nature operates in terms of causality and interests; reason operates in terms of morality and values. Their interaction is an attempt to nurture the 'whole' person in a just society. To reconcile liberty and equality in this sense is to reconcile human action with abstract human thought. In an immediate sense, though, politics is about the tension between the individual and society as represented by government, and the resolving of that tension.<sup>56</sup>

Politics is the exercise of power, within a defined territory, through government. A person is often caught up in an effort to balance different and conflicting needs and aspirations in the face of the environment he confronts. A person's actions represent a choice among the realistic alternatives he perceives to be available; and a person must allocate his scarce time, energy, talent and physical resources among these perceived

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54 "Art", Microsoft ® Encarta Encyclopaedia 2001. © Microsoft.

55 "Political Science", *Microsoft Encarta Encyclopaedia* 2001.

56 Venter Albert & Alexander Johnston (ed.), 1991, *Politics*, Cape Town, Oxford University Press, p. 7.

options.<sup>57</sup> Political activities denote the interaction between government and its administration, on the one hand, and the individual, on the other hand. There is always a conflict situation between insatiable individual needs and limited public resources. Individual needs can best be articulated in a democratic political system. The articulation process needs an open approach with direct and indirect representative political participation by every individual to bring government and its administration as close to the people as possible. Since there may also be conflict between the personal interest of the individual public administrator and the common interest of the public and that of private individuals, the system also demands direct accountability and public responsibility from public administrators.

Individual needs in the political process are the need for direct participation or participation through representation and for responsibility and accountability in public from the public administrator. The individual must have an open political channel, either direct or indirect, through political parties and other interest groups to convey his needs and problems. The individual must have the opportunity to make direct contact with his political representative or public administrator dealing with his particular problem. An open-door policy must exist allowing any individual, under any circumstances, to consult political representatives and public administrators on his personal problems and needs.

Direct participation is the ideal situation for satisfying the political need for direct contact and conveying one's personal needs and problems. In a modern industrialised and highly developed country, this mode of contact is almost impossible and impracticable. However, it still works in primitive societies at the local village level such as the tribal system of Africa, where headmen and the elders of the village gather with the villagers to discuss the local community's problems and needs face to face.

In more industrialised nations the system of indirect representation is the only logical way to conduct dialogue and communicate personal problems and needs on a larger scale. However, this lengthens the line of communication and makes direct communication more difficult. The individual is to some extent forced to communicate through a specific interest group or political party. Politicians and public administrators are also inclined, due to time limits, to prefer communication with representatives of interest groups rather than with individuals. It would be time consuming to communicate with every individual on matters concerning a whole group. However, the fact remains that every individual must have the right to put his case personally to a political representative or public administrator.

The modern system of proportional representation in a multiparty political system is less satisfactory as far as the need for direct contact between the individual and political representatives is concerned. Many so-called political experts regard the proportional representation system as an ideal democratic system, because it offers all political parties the opportunity to be represented in the legislature to state their cases. However, this system is leading to apathy and defeatism among voters. Voters no longer have, as is the case with the constituency system, a choice between several (at least two) candidates during elections. The voter, in fact, has no say in

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57 Rostow W.W., 1971, *Politics and the Strategies of Growth*, Cambridge, University Press, p. 7.

which person should represent him in the legislature or whom he can call to account when things are amiss. In this case voters vote for a political party and the party leader(s) decide(s) who will sit in the legislature. Neither do voters know who their local political representative is to whom they may take their personal problems. Proportional representation of political parties widens the gap between voter and representative. One has to work through the hierarchy of a political party and if one is not an active card-carrying member, the chances are high that one's case will not receive much sympathy.

The system of proportional representation diminishes the chances of the individual conveying his problems to political representatives. In such a case the individual's only choice is direct contact with the public administrator – sometimes a very difficult operation if he is not informed on how government is organised and which department is dealing with his particular personal problem. It is most definitely incumbent upon every public administrator to deal with the problems of individuals with consideration and treat individuals with dignity and respect. Individual political needs are social needs lying on the second level of Maslow's hierarchy of needs.

## **ECONOMIC NEEDS**

Economics as a social science is concerned with the production, distribution, exchange and consumption of goods and services. Economists focus on the way in which individuals, groups, business enterprises and governments (called economic subjects) seek to efficiently achieve any economic objective they select. Economic needs lie at the bottom of Maslow's needs hierarchy; these are mainly physiological needs such as food, clothing, housing, clean water, sanitary services, electricity, gas, household appliances, furniture and many kinds of economic infrastructure such as roads, railways, airways, waterways, other means of transport and many other economic needs. These are the basic needs to be satisfied before development into a higher level of Maslow's needs hierarchy can occur. A categorisation of all these needs is difficult and to list them all is impossible and not necessary for the purpose of this study. The following gives an idea of what they may be:

### **Household needs**

Household needs are those needs of individuals and families that are necessary for everyday survival. Needs for housing, municipal services and local infrastructure, furniture and household appliances, clothes, foods, health and medical services, legal services, transport to and from work. The most important need is household income, which can only be derived from the need for work, professional and business opportunities. From this flows the paramount need for work and business security, and financial security during old age. At this very time (the year 2002) the world is plagued with an economic recession, unemployment and most of all financial corruption, with international companies and banks filing for bankruptcy, resulting in huge financial losses for individuals. In the case of the American energy giant ENRON, thousands of people including pensioners lost their life savings. International airways companies are discharging workers by the thousands. The collapse of the Argentine government, because of its huge foreign debt proved that governments also

could go bankrupt with a devastating ripple effect throughout the whole of the economy, especially in the financial sector, resulting in huge financial and job losses for individual citizens.

### **Needs of the primary production industry**

Primary production like commercial farming, mining, forestry and fisheries form the backbone of any economic development because it supplies the inputs (raw materials) for the manufacturing and business sectors. In turn, the primary production industry needs inputs, like machinery, fertiliser, oil, fuel and gas, from the manufacturing and business sectors. This industry is forwardly connected to the consumers/users of its outputs as well as backwardly connected to the suppliers of its needs. These primary producers sometimes have a need for co-operative marketing of their products.

### **Needs of the manufacturing industry**

The manufacturing industry needs raw materials for manufacturing final consumer goods from the primary production industry. The industry also needs entrepreneurship, professional managers, skilled labour, capital, specifically zoned industrial land and buildings in urban industrial areas. They need transport for importing raw materials and for the distribution of their manufactured goods to the appropriate markets – in some cases local markets and, in the case of export industries, foreign markets. The wholesale and retail businesses create the demand for their manufactured products and they need a marketing system for selling their products to these businesses.

### **Needs of the construction and building industry**

The general need for economic infrastructure brings the construction and building industry into the economic process. The construction and building industry are the suppliers of the physical infrastructure required to support a country's economy. This sector of the industry is responsible for the building of physical infrastructure such as houses, buildings of all kinds, roads and streets, railroads, airports, water reservoirs and reticulation systems, sewage purification plants and sewerage systems, floodwater drainage systems, water canals for navigation, and harbours and ports. The general needs of the construction and building industry are more or less the same as those of any other manufacturing industry. They also depend on raw materials and manufactured goods (especially heavy construction machinery) from the primary and secondary industries.

### **Needs of wholesale and retail businesses**

Wholesale and retail businesses are the intermediaries in the economic chain of supply and demand. They are the distributors of manufactured goods produced by the manufacturing industry. They also need land and buildings zoned for commercial purposes to serve as shops for selling merchandise and depots for storing merchandise. They also need entrepreneurship, professional managers, skilled labour and capital. The most important need is not only the supply of merchandise, but also a demand for such merchandise, in other words, they need customers and these customers are

individuals and households. Without individual consumers with stable purchasing power, no business will ever survive.

### **Needs of the services industry**

The most basic need of any individual or business is money. What everybody needs is a stable currency with a secure value. A volatile currency, the value of which changes from day to day, makes business and individual household decisions difficult. It also creates a sense of nervousness in the economy, which is very bad for economic growth and stability. The banking sector, which includes the national Central Reserve Banks, Internationally Monetary Fund and the World Bank, provides money as input into the economy as a whole. It is the task of the banking sector to supply money with a fixed and secure value to individuals and business.

The world's central reserve banks are responsible for creating monetary stability, but since they stepped down from the Gold Standard in the early 1930s and the Gold Reserve Requirements in 1971<sup>58</sup> at the command of Richard Nixon<sup>59</sup> in exchange for a system of floating currency values and special drawing rights (SDRs), the world's monetary economy has experienced nothing but instability. The value of any currency is no longer fixed and secure, but fluctuating in a very volatile monetary market. The banking sector's need for money is supplied by investments from the surplus capital of individuals and business enterprises as well as the central reserve banks making advances to commercial banks on promissory notes.

The short-term insurance industry plays an important part in securing the assets of individuals, industries and businesses against lost by theft, fire, flooding and other natural and unnatural disasters. The life insurance industry supplies life insurance and old age security policies for individuals, group pension funds and group medical aid funds for employees and employers alike.

Professional services meet the complementary needs of individuals and business. These include, for instance, the medical profession, the legal profession, the accounting profession, the engineering profession and many others. They supply health services, legal services, accounting services, all kinds of engineering services and project management services to all industries and businesses.

### **The general need for economic infrastructure**

There are basic economic infrastructure needs that are common to all economic subjects, from the private individual to the largest industry or financial institution. The list is almost inexhaustible, but we will nevertheless try to name some of the most important ones:

- Every business, no matter what type and at what level needs entrepreneurship, capital, professional managers, skilled workers and unskilled labour;
- Every one needs land and buildings zoned for the specific use of their type of business at a specific optimum location;

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58 The US\$ is now aptly referred to as the "IOU nothing fiat money", a perfect description of all paper money no longer supported by gold but by this "worthless" US\$ right through the world.

59 President of the USA 1969-1974 – he resigned in 1974 because of the so-called Watergate scandal.



- Every one needs transport, the type depending on each specific need, whether air, sea, road or rail transport for the transport of freight and passengers;
- They all need water. Clean and healthy water for household purposes, raw water for manufacturing and water for irrigation and growing agricultural produce;
- Energy in the form of fuel, gas, and electricity for household purposes and for the most advanced industries;
- Sanitary and sewage removal services for all;
- The most important common need for all economic subjects is a stable economy, with a positive fiscal policy, a sound monetary policy and a currency with a stable exchange rate value.

These needs form the basis on which every economy is built and the quantity, quality and its sustainable availability determines the prospects for economic development in any country.

### **The need for government protection**

Some industries also need support from government in the form of, for instance, export subsidies and import protection against dumping of cheap foreign competing primary consumer products on the local markets. Sometimes foreign governments subsidise export products (paying export subsidies) from their countries for competing with local products in the importing country, creating unfair competition. In the wake of the liberalisation of world trade, some primary producers may find it difficult to compete with the rest of the world and governments should take notice of such problems. Every country will then have to concentrate on its own comparative production advantages and produce only goods that can be successfully produced locally and compete on the global market. Globalisation of the economy in this sense may have devastating effects on some local industries, especially in countries without a work force with the required high productivity standards and a work ethic required for competitive world production.

### **SECURITY AND SAFETY NEEDS**

National security defines the concept of safety for the territory and the population of a state and, by extension, the policies adopted for its preservation. Security is sometimes defined as the assurance of future welfare for the individual. In this broad sense national security might be regarded as the whole range of measures affecting the political, economic and social welfare of the population, as well as provision against military aggression from abroad or subversion from within.

Because of what happened on 11 September 2001 at the World Trade Centre in New York, security and safety have become a prominent item on the global agenda of world politics. Domestic safety and security for individuals and business have become a problem in most of the world's countries. The need for safety consists of a variety of aspects. The following are some traditional needs:

- Personal safety and security of the body, health and mind of the individual;
- Personal security of a livelihood at old age;

- Economic security such as security of work, to do business and of practising one's profession;
- Protection and security of one's private property;
- Security, safety and freedom of movement;
- The security of a clean and safe natural environment in which to live, work, do business and relax and play – an environment free from pollution, natural hazards, crime and violence;
- Security against war, terrorism and any other type of extra-military violence;
- Security against government violence and suppression of one's natural human rights.

National security as defined above encapsulates all of the security measures listed above to guarantee the security and safety of the individual. If the state's security is guaranteed, it follows that the safety of the individual and every community should be secured, unless the state turns against its own population as in so many cases in one-party and other types of dictatorships. In such cases the state undermines the security and safety of its population and therefore of every individual, a situation that could eventually lead to internal violence, political instability and economic stagnation and a condition of no safety for many individuals.

Safety and security needs of whatever kind lie at the basis of Maslow's needs hierarchy. If these needs cannot be fulfilled, then the individual cannot move up into the higher echelons of the hierarchy – they simply will not have the means to strive for the higher things in life if their demands for basic needs are not satisfied.

## **SUMMARY**

Public needs form the basis for deciding on the nature of public functions to be executed for delivering public services to satisfy such needs. Government and public administration do not exist for the sake of creating jobs for politicians and public administrators, but to serve the individual. To serve the people is to satisfy their needs – and to satisfy their needs, specific functions have to be executed. Therefore the public administrator must understand the nature of public needs. He must also understand it in order to decide what services should be rendered by government and what should be left to the private sector.

Every individual and every organised interest group has special collective or particular needs. Needs as defined are not only the "psychological" needs of individuals but also include so-called particular and collective "physiological" needs of individuals and communities. It is appropriate first to study Maslow's hierarchy of human needs. The lower needs (the physiological needs) need to be at least partially satisfied before the higher needs (the psychological needs) can be activated and satisfied. Maslow's two models represent the extremes of the hierarchy of human needs. Most societies will find themselves somewhere between these two extremes of the needs hierarchy. Every society will indeed have its own typical needs hierarchy. In under-developed or developing societies one may find that the demand for the physiological needs forms the largest part of the needs level in the hierarchy, while in affluent societies quite the opposite applies. It is difficult to distinguish between

collective needs and individual needs, because whether one wishes to classify needs as either collective or particular, the fact remains that the individual creates the demand for both types of needs to satisfy his personal goals and objectives; all needs are therefore particular. The common interest and common needs of an interest group are the sum total of the particular needs of every member of such group which are common to all members. However, these collective needs are less personal and do not apply to the physiological and psychological (mental) needs of the body and mind of an individual.

Neither is it possible nor is there a need for identifying and explaining every social need emanating from the human environment. Only the most important ones need to be understood. These are, for instance, the need for education and training, for personal and environmental health care, leisure, and relaxation, sport, religion, and the need for language and culture. Education and training are socio-psychological particular needs and lie at the bottom level of Maslow's needs hierarchy of a community. The need for public health care is also a very personal need, because it concerns the bodily and mental health of individuals. The need for environment health care has to do with providing healthy circumstances within the natural and physical environment in which individuals live, work and play. The need for leisure, relaxation and sport, a typical physiological need in a society's needs hierarchy, results from the need of workers to rest, relax and participate in sport to recuperate from physical and mental fatigue. This need for leisure created a vast leisure industry. It is a service industry encompassing a wide range of activities, facilities and services, including sport, physical fitness, recreation, art and entertainment, hospitality, and the tourist industry, all devoted to providing ways to fill its customers' leisure time.

People learn culture – a typical social need in the needs hierarchy. Culture is a body of learned behaviours common to a given human society. Culture has a predictable form and content and acts like a template, shaping behaviour and consciousness within a human society from generation to generation. Culture is a wide sociological concept and is concerned with a variety of human social actions. It concerns beliefs, religion, social behaviour, language and the entire way of life of a particular group of people at a particular time. Language is a medium for communication among human beings that is characterised by the use of arbitrary spoken sounds represented by written symbols with agreed meanings. It is a typical social need in Maslow's needs hierarchy of societies.

There is a case for arguing that homo sapiens is also homo religious. People started to worship gods as soon as they became recognisably humans; they created religions at the same time as they created works of art. Like art, religion has been an attempt to find meaning and value in life, despite the suffering the human body is heir to. If spirituality is properly political, the contrary is also true – however remote this notion may be from prevailing assumptions: politics is properly spiritual. The spirituality of politics was affirmed by Plato at the very beginnings of Western political philosophy and was a commonplace of medieval political thought. Only in modern times has it been taken for granted that politics are entirely secular. The message here for the public administrator is that spirituality and religion are the bases for ethics and morality. Spirituality supplies the moral basis for action and interaction,

and religion supplies a moral code of ethics for interaction with the public – one of the most important public needs in any society.

Art is a disciplined activity that may be limited to a skill at painting, drawing, sculpture, and architecture – the so-called fine arts. The term is also expanded to apply to human skill in the broadest sense – for example, composing and performing music and acting – the so-called performing arts. Literature, as another form of art, can be described as words set apart in some way from ordinary everyday communication. In the ancient oral traditions, before stories and poems were written down, literature had a mainly public function – mythic and religious.

Politics plays a significant role in the life of individuals living in liberal democracies. Politics concerns ruling with the consent of the governed, an activity whereby social and economic problems are resolved and different needs are met by the process of dialogue, negotiations and compromise rather than by the application of decree and/or force. Politics results from the conflicting demands of the two most basic individual needs: survival and harmony.

Economics as a social science is concerned with the production, distribution, exchange and consumption of goods and services. Economists focus on the way in which individuals, groups, business enterprises and governments (called economic subjects) seek to efficiently achieve any economic objective they select. Economic needs lie at the bottom of Maslow's needs hierarchy and they are mainly physiological needs. A categorisation of all these needs is difficult and to list them all is impossible and not necessary for the purpose of this study. Household needs are those needs of individuals and families that are necessary for everyday survival. Needs for housing, municipal services and local infrastructure, furniture and household appliances, clothes, foods, health and medical services, legal services, and transport to and from work.

Primary production like commercial farming, mining, forestry, and fisheries form the backbone of any economic development because it supplies the inputs (raw materials) for the manufacturing and business sectors. The manufacturing industry needs raw materials for manufacturing final consumer goods from the primary production industry. The general need for economic infrastructure brings the construction and building industry into the macro economic process. The construction and building industry are the suppliers of the physical infrastructure required to support a country's economy. The most basic need of any individual or business is money. What everybody needs is a stable currency with a secure value. A volatile currency the value of which changes from day to day makes business and individual household decisions difficult because it creates uncertainty. There are basic economic infrastructure needs that are common to all economic subjects, from the private individual to the largest industry or financial institution. The list is almost inexhaustible. These needs form the basis on which every economy is built and the quantity and quality of its sustainable availability determines the prospects of economic development in any country.

National security defines the concept of safety for the territory and the population of a state, and by extension, the policies adopted for its preservation. Security is sometimes defined as the assurance of future welfare for the individual. In this broad sense national security might be regarded as the whole range of measures affecting the

political, economic and social welfare of the population, as well as provision against military aggression from abroad or subversion from within.

National security as defined above encapsulates all the security measures to guarantee the security and safety of the individual listed above. If the state's security is guaranteed, it follows that the safety of the individual and every community should be secure, unless the state turns against its own population – as happens in so many cases in one-party and other types of dictatorships.

### **POSSIBLE EXAMINATION QUESTIONS**

1. Explain Maslow's hierarchy of needs for both developing societies and affluent societies (45 minutes)

**Points to be discussed:**

- Physiological needs;
- Safety needs;
- Social needs;
- Self-esteem;
- Self-actualisation.

2. Explain the public's social needs (45 minutes)

**Points to be discussed:**

- Need for education and training;
- Need for health care;
- Need for leisure, relaxation and sport;
- Cultural needs.

3. Explain the public's political needs (45 minutes)

**Points to be discussed:**

- The meaning of political science;
- Survival and harmony;
- Liberty and equality;
- The problem of insatiable needs and limited resources;
- Direct accountability and responsibility of public administrators;
- Direct participation and participation through representation;
- Open-door policy;
- Multi-party systems and proportional representation.

4. Explain the public's economic needs (45 minutes)

**Points to be discussed:**

- Household needs;
- Needs of the primary production industry;
- Needs of the manufacturing industry;
- Needs of the construction and building industry;
- Needs of wholesale and retail business;
- Needs of the services industry;
- General need for economic infrastructure;
- The need for economic protection.

5. Explain the public's need for safety and security (45 minutes)

**Points to be discussed:**

- National security;
- Domestic safety and security;
- Personal safety and security;
- Economic security;
- Protection of private property;
- Security and safety for freedom of movement;
- Security of a clean and safe environment;
- Security against war and terrorism;
- Security against government violence and suppression.

## CHAPTER THREE

# PUBLIC VALUE SYSTEMS

### STUDY GOAL

The purpose of studying this chapter is for the student to understand the public's common value system as represented by constitutional principles, principles of administrative law, economic principles, political principles, social principles and public management principles.

### LEARNING OBJECTIVES

After studying this chapter, the student should be able to explain the following concepts in his or her own words:

- The public's common value system as represented by constitutional principles;
- The principles of Administrative Law concerning public administration;
- The public's common economic values as represented by economic principles;
- The public's common political values as represented by political principles;
- The public's common social values as represented by social principles;
- The public management principles to serve as guidelines for public administrators.

### INTRODUCTION

Public values are shaped largely by the needs of the public. Values flow from needs; therefore, values and needs go hand in hand. Values to a certain extent represent needs to be satisfied. When one thinks of the term "value" one tends to think of the economic or monetary value of tangible things. Value in an economic sense is the worth of a commodity or service measured against other commodities or services. The term in this sense refers to the total money yield, called a price, for which an item will sell. The value of an object in a free market place is determined by demand and supply or, put another way, by desirability and scarcity. Anything that is both desirable and scarce, such as a diamond, an ounce of gold, a loaf of bread or a shirt, can command power in the exchange ratio – that is, it can be exchanged for an item of equal or greater worth. Its desirability is a function of its utility. A distinction is usually made between market value and normal, or natural, or intrinsic value. Market value is the purchasing power of a commodity in the open market on a given day; normal value is the value that would prevail if competitive market forces worked without friction. Market value may also be referred to as the exchange price of a commodity, and general value as the just price.<sup>60</sup>

The above definition of value is the real value of tangible goods and things that can be quantified in monetary terms. It represents the value of the physiological needs at the base of Maslow's needs hierarchy. They are the everyday goods necessary to

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60 "Value", Microsoft Encarta Encyclopaedia 2001.

make a living. However, there are the non-tangible things that cannot be counted, of which the value cannot be calculated and measured in monetary terms or quantified in any other way. They represent the higher needs in Maslow's needs hierarchy: the social values, the values of self-esteem and self-actualisation – things that give happiness, that bring peace of mind and tranquillity. How do you measure happiness, peace of mind and tranquillity? They can certainly not be measured and valued in monetary terms. Self-esteem and self-actualisation are a kind of spiritual inner feeling of satisfaction that is not quantifiable. They are the personal value of psychological matters in the mind and soul of the individual. They represent the value of social freedom, life itself, personal security, spirituality and peace of mind.

If one can identify values one should accept the fact that there are also anti-values. Anti-values are negative values, such as murder, rape, theft, suppression, denial of individual freedom, denial of religious freedom and personal insecurity. In a political sense totalitarianism is the anti-value of liberalism; suppression the anti-value of freedom; inequality is the anti-value of equality, etc.

Values emanate from the human environment, i.e. the public, consisting of individuals and all kinds of human organisations, as already explained. Values are a product of man's needs and desires in life – i.e. a product of man's mind. Values may differ between communities because different communities may have different needs, desires and ideas. The needs, desires and ideas of communities may change over time. As explained by Maslow's needs hierarchy, affluent societies may place a higher value on the more sublime and spiritual values because their lower physiological needs and desires have been saturated, while poor societies may still be struggling for survival because of a shortage of physiological needs such as food, housing and primary health care.

One may also encounter so-called "common values". These are values commonly accepted as standard values applying to all in a specific society. These common values may also differ from society to society. When everyone accepts a common value as a standard, it serves as a rule of conduct by those who accepted it. Eventually such rules become principles forming the bases of social laws, political laws, economic laws and proper laws (common and statute law). A principle is a fundamental truth forming the basis for reasoning or for action. Principles are fundamental. This means that they do not change for simple reasons.

The principles in which societies or governments believe may differ, depending on the political ideology they support. However, there are certain common principles such as the principles of constitutional and administrative law, and political, social, economic and public management principles, forming fundamental truths or laws of reason and action. These principles have stood the test of time and have been accepted worldwide by civilised societies as a standard of measure. These are the fundamental truths for professional public administrators to abide by in their daily conduct of government affairs. They form a code of conduct and action for public administrators. All politicians and public administrators may take a cue from the following piece of wisdom from Mahatma Gandhi: *The things that will destroy us are: politics without principles; pleasure without conscience; wealth without work; knowledge without character; business without morality; and science without humanity.* It is precisely for



this reason that we should not only understand the common principles that should guide our behaviour as public administrators, but learn them by heart and make them the basis of our conduct.

### CONSTITUTIONAL PRINCIPLES<sup>61</sup>

A constitution is a whole body of fundamental rules according to which a particular government operates. It is a nation's basic rules for governing itself. Constitutional rules establish and regulate the basic framework of government. They prescribe the matters with which government may or may not deal, the specific government institutions that are to deal with them, the procedures that those institutions must follow, and the processes according to which the members of the various government institutions are selected. Constitutional rules apply to more general and significant matters than does ordinary law and they fix the limits of ordinary law. A constitution rules the vertical juridical relationship between a country's citizens and its government – that is the state. This includes the relationship between the public on the one side and the legislature, executive and government administration on the other side. It also rules the horizontal civil and juridical relationship among citizens. Furthermore, it rules the intergovernmental relations concerning the legislative, executive, administrative and financial matters of the different levels of government.

*Constitutionalism* is a particular set of ideals, competing with other ideals for people's loyalties, about the constitutional rules a nation should have. Constitutionalism is the doctrine that the authority of government should be limited so that human rights are formally and in fact protected from abridgement by either public administrators or private individuals. The anti-value of *Constitutionalism* is *Totalitarianism*. This means that there must be fundamental principles that are fundamental truths supporting Constitutionalism. Among these constitutional principles one may sight the following: the rule of law, separation of constitutional powers, constitutional checks and balances, civil rights, equity, equality and inequality, civil liberties, civil obligations and civil obedience.

#### The rule of law

The basic constitutional principle for a liberal democracy, or what is aptly termed the Constitutional State (*Rechtsstaat*), is the rule of law. The rule of law has its origins in English constitutional law. The well-known nineteenth-century English constitutional expert, Dicey, explained the meaning of the rule of law as follows:

*"It means in the first place, the absolute supremacy or predominance of regular law as opposed to the influence of arbitrary power, and exclude the existence of arbitrariness, of prerogative, or even of wide discretionary authority on the part of the government. Englishmen are ruled by law, and by the law alone; a man may with us be punished for a breach of law, but he can be punished for nothing else."*

*"It means, again, equality before the law, or the equal subjection of all classes to the ordinary law of the land administered by the ordinary Law Courts; the rule of law*

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61 Gildenhuys J.S.H., 2003, *Ethics and Professionalism: The battle against public corruption*, Stellenbosch, AFRICAN SUN MeDIA, p. 20 *et seq.*; also Gildenhuys J.S.H. & A. Knipe, *op cit.*, p. 90 *et seq.*

*in this sense excludes the idea of any exemption of officials or others from the duty of obedience to the law which governs other citizens or from the jurisdiction of ordinary tribunals...*"

*"The rule of law, lastly may be used as a formula for expressing the fact that with us the law of the constitution, ... are not the source but the consequence of the rights of individuals, as defined and enforced by the Courts; that, in short, the principles of private law have with us been by the action of the Courts and Parliament so extended as to determine the position of the Crown and of its servants; thus the constitution is the result of the ordinary law of the land."*<sup>62</sup>

The above explanation of the rule of law means that:

- the constitution is the supreme law of the country and that all other laws and actions of government are subject to the provisions of the constitution – this means that all laws and actions of state not complying with the constitution are *ultra vires*;
- all citizens, including elected political representatives and public administrators, are equal before the law and that every one of them is subject to all the laws of the country and should be treated equally in terms of the law – this means nobody, not even the Head of State, is above the law;
- the executive institutions of government at all levels should neither be allowed to exercise discretionary authority that is too wide and unrestrained, nor should they be allowed to act arbitrarily;
- the courts should function independently of the legislature and the executive, and that judges and magistrates should act as independent guardians to ensure that the rights and freedoms of the individual are respected.

All these principles mean that the Constitution must guarantee the natural, political, economic and social rights of every individual. It also means that the Constitution should be the ultimate authority and not Government. The Courts must have the right and the obligation to test all actions, all decisions, all policies and all laws, regulations, ordinances, proclamations and by-laws of government at all levels for validity against the provisions of the constitution.

### **Separation of constitutional powers**

The constitution confers powers on the different bodies created by the constitution. These bodies are the legislature, the executive and the judicial authorities. In ancient political history these three powers were vested in one single government body. Until about the seventeenth century few political theorists tried to separate the governing process into legislative, executive and judicial components. Government seemed to be one integral process and the only significant variations from society to society were in those who governed and how. The prevalent institutions of government before the seventeenth century reflected this idea.

In the seventeenth and eighteenth centuries, however, a group of influential

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62 Dicey A. W., 1959, *Law of the Constitution*, London, Macmillan, p. 251.

political philosophers developed a new conception of the governing process. This conception involved partly a description of how the government system does work and partly a doctrine on how it should work. It remains the basis for the belief, widely held in some liberal democratic systems, that legislatures should legislate, executives execute and judges adjudicate.

The most thorough and influential exposition of this point of view was the book *L'esprit des Lois* (The Spirit of the Laws) published in 1748 by Charles-Louis de Montesquieu. Montesquieu argued that the whole power of government is divided into three parts, each substantially distinct from the others. There is the legislative power, the power to make laws; the executive power, the power to implement these laws; and the judicial power, the power to interpret and enforce these laws on individuals whom the executive has charged with violations of the laws. Whatever any public administrator does in his official capacity is thus either law making, or law enforcement, or legal interpretation or legal application. Montesquieu and his followers believed that each of government's three basic powers should be allocated to a separate and independent government institution. The central idea is that the same persons or body should not make the laws, enforce them and pass judgement on persons accused of their violation. Thus, the same person should not be legislator, prosecutor, judge and jury.

When all three institutions or *branches* act in concert, government can do what it must do, but no single branch should ever control the whole power of government. Thus, no legislature, executive or court should ever be allowed to use the whole power of government to work its way heedless of restraint. Any concentration of powers in a single government institution is tyrannical, no matter whether the institution is an elected and responsible representative assembly or an irresponsible hereditary monarch. Only genuine separation of powers protects the liberties of people against the aggressions of government.

### **Constitutional checks and balances**

This principle of separation of powers demands checks and balances, since in practice the three branches of government are not completely isolated from one another. If the concept of the separation of powers were carried to its logical conclusion, it would mean that not one of the three branches of government could ever participate in any way in the functions of the other. Such an extreme interpretation would nullify the system of checks and balances, which, though logically incompatible with the idea of separation of powers, is practically indispensable to it.

Constitutional checks and balances also concern the problem of people-in-society. Every person in the world has his private self. The very core of a person's existence is that everyone has some identity that is truly his alone. Yet each lives in a world of other people and other identities.<sup>63</sup> We learn very early in life that a good deal of what other people say and do impinges on and limits what we say and do, and *vice versa*. The basic problem of people living together in one society, is how best to adjust the expressions of their identities with the identities of others. This basic

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63 See Chapter One for an explanation of individualism and communalism concerning this aspect.

problem of people-in-society gives rise to a prime problem that every government confronts. How much, in what ways, and under what conditions may government legitimately limit the expressions and invade the privacy of individual identities in order to promote its ultimate goal? This question brings the principles of civil rights, civil liberties and civil obligations to the forefront.

### **Civil rights<sup>64</sup>**

Most people associate the term 'civil rights' with 'freedom'. What then is freedom? Originally to be free was not to be a slave, to have legal guaranteed control over one's person, and this is still its essential meaning. To be free is not to be prevented from doing what one wants to do, and not being forced to do what one does not want to do. Any limitation of this two-fold personal power is an interference with personal freedom, however excellent its motives, however necessary its actions.

What kind of freedom, then, is a civil right? For the purpose of this study, the term is used to mean a constitutionally defined and governmentally protected area of freedom for individuals. The emphasis is on the natural freedom of the individual and not of so-called groups *vis-à-vis* other groups in the same society. Civil rights fall into two general categories, namely limitations on government and obligations of government. Limitations on government are things that government is forbidden to do to the individual, in order to preserve those opportunities, the absence of which would deprive the individual of something essential to create for him a good quality of life. Obligations of government are a series of duties that government is obliged to perform for the individual, to preserve those liberties without which the individual cannot create a good quality of life for himself, or what is needful to the adequate development and expression of his personality.

This liberal philosophy of the civil rights of the individual is based on two propositions. First, civil rights are ends in themselves and their preservation is the main function of government and also the main reason for a government's existence. Second, civil rights are indispensable means for the creation and maintenance of a good quality of life by each individual for himself.

### ***Civil rights as ends***

Nearly all who argued and fought for civil rights throughout the world did so out of deep commitment to the proposition that civil rights are ends in themselves. The English political philosopher John Locke in his *Two Treatises of Civil Government* raised the central question: 'Under what circumstances and for what reasons should men obey the commands of government?' The answer he argued, must be based on the fact that men join together in civil societies and establish government for only one reason: to secure more firmly the personal rights to life, liberty, and property that naturally belong equally to all men simply because they are human beings.

The French *Declaration of the Rights of Man* (1789) states that 'the aim of every political association is the preservation of the natural and imprescriptible rights of man. These rights are liberty, property, security and resistance to oppression. Any

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64 The arguments on civil rights and civil liberties are from Austin Ranney, 1975, *The Governing of Men*, Fourth Edition, The Dryden Press, Hinsdale, Illinois, pp. 521-530.

society, in which the guarantee of the rights is not secured, or the separation of powers not determined, has no constitution at all.’

All liberal philosophers believe that any government that abridges the people’s rights thereby violates the law of nature and loses all moral claims to obedience from citizens. Securing the rights of the individual is the paramount purpose of any government, because it is what God or the law of nature (natural law) commands. Civil rights are therefore ends in themselves.

### ***Civil rights as means***

Civil rights can of course also be means to an end, the end being the ultimate goal of government. In such a case civil rights becomes prescriptive and a moral obligation upon government. In this case the maintaining of civil rights has a normative approach – that is, how people and government should behave – and not merely descriptive of how people and government do behave. Many people once believed that God and the law of nature (natural law) command the protection of human rights, and they fought and died to secure these rights. However, most modern people no longer believe that God or nature tells them clearly whether or not they should value human rights or anything else. Because of this belief, they are not prepared to defend human rights. Unless free peoples revive their faith in God and natural law as a source of human rights, the institutions and freedoms originally stemming from that belief may well follow it onto the ash heaps of history. Some modern writers, however, claim that the declining faith in a moral natural law has not stripped modern persons of reasons and motives to protect those rights. Instead, they believe the doctrine can rest upon a new philosophical foundation at least as satisfactory as the old one. It is based mainly on three basic principles, namely the human source of human values, the primacy of the individual, and the best test of truth

### ***The human source of values***

Many ordinary citizens believe that nature does not tell us how we should behave and that we ourselves must therefore generate our own values and moral beliefs. Many modern citizens deeply believe in, fight and die for the preservation of civil rights. They do this because they are human beings. In addition, because their personalities, life experiences, and instincts make unbearable the thought of living in a world or society in which human beings are considered no more precious than cattle or anything of a lower order value. They believe in the supreme value of the individual.

### ***The primacy of the individual***

Many modern defenders of civil rights rest their defence upon the supreme value of the individual.<sup>65</sup> This belief has its origins in the Jewish, Islamic, Christian and other religions. It holds that all human beings, whatever their individual differences, are precious in the eyes of God, and each has immense potential for good. A prime goal of all human societies should therefore be to permit and encourage the growth of each person and the complete realisation of his potential. All human institutions, including

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65 See Chapter One for the explanation of “Individualism”.

government, should be judged by the degree to which they help or hinder achievement of these goals. The main purpose of government is to provide every individual with the most favourable environment for his spiritual growth – that is to create for himself a good quality of life according to his own mental and physical abilities.

### ***The best test of truth***

The best-test-of-truth principle is its ability to defeat falsehood in the competitive market place of ideas. Modern defenders of civil rights maintain that every nation seeks to pursue policies best calculated to achieve whatever common values the nation might hold. Ascertaining which of the many policy proposals put forward are best is one of the greatest problems facing any government. Experience has shown that the most effective way of solving this problem is to permit advocates and critics of each proposal to argue their ideas freely for, in the long run, good ideas and proposals will win public acceptance over bad ones through the principle of freedom of speech.

### ***Individual human rights***

What are the rights of the individual? What specific areas of individual freedom are defined and guaranteed by the constitutions of civilised nations? Almost every modern constitution contains at least some formal guarantees of individual human rights. However, not every formal guarantee in each nation's constitution represents a genuinely protected right of the individuals living under a particular government. However, the mere presence of formally guaranteed individual rights in any nation's constitution means at least that the framers of the constitution, for whatever reason, deemed it desirable to pay at least lip service to the idea of the rights of individuals.

### ***Natural and positive human rights***

For the purpose of this study we distinguish between *natural rights* and *positive rights*. An example of a natural right<sup>66</sup> is freedom of speech without interference from government. A natural right is something you have when others are forbidden to act against you. Your natural right to property is respected when others do not steal from you or when government does not confiscate your property. Another example of a natural right is the right to life. The foundation of natural rights is *natural law*. Natural law is a set of principles based on what are assumed permanent characteristics of human nature that can serve as a standard for evaluating conduct and civil laws – i.e. common law. Medieval philosophers and theologians, such as Saint Thomas Aquinas and Saint Bonaventure, held that the Ten Commandments of God are part of and indeed the basis of natural law. It is considered fundamentally unchanging and universally applicable. Natural law may be considered an ideal to which humanity aspires or a general fact; the way human beings usually act. The conclusion therefore is that God endowed the individual with natural human rights. In a society based on classical liberal principles, natural rights are all the state recognises. Government should therefore, protect you against infringements of your natural rights by others and even by the government.

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66 “Natural rights” are sometimes referred to as “negative rights”. This is to my mind a contradiction in terms, because a ‘right’ can never be negative.

Natural law is contrasted with *positive law*, the enactments of government. Positive rights are rights that can only come about when others are coerced into acting. Instead of merely leaving you alone, government is required to act on your behalf. One easy way to remember the difference is that with natural rights you have to refrain from doing something – like stealing, assaulting, raping, etc. Natural rights also mean that one is born free and endowed with certain untouchable rights by the fact of one's birth – simply for being human. With positive rights you are required to do something like helping pay for someone's house, education, health care, electricity, water, or whatever. In the first instance you are simply forbidden from doing bad things to people, while in the second instance you are forced into doing so-called "good" things, at least good by some politician's standards, for someone else.

In a society using a socialist dogma of positive rights, the government simply ignores the natural rights of some and actively promotes a specific social agenda for the benefit of others. In socialist societies governments must engage in coercive activities that lead to the negation of natural rights. Positive rights can only exist when government forces other people to provide them, sometimes indirectly through a progressive income-tax system. Authoritarianism is the logical result of positive rights claims to things like free health care, free education, free housing, free water, free electricity and the right to work, etc. Such things by nature require human effort and if someone has a positive right to these commodities without the obligation to pay for them, then somebody else has to supply or pay for them. The so-called positive rights are based on the principles of altruism, where the taxpayers are expected to become sacrificial victims of the parasites of society. Positive rights can never become natural rights, it is nothing but a political policy of looting A to pay B, or put another way looting A to buy the vote of B.

Liberal rights are based on equality and thus no true liberal can propose positive rights to things. Socialist rights or positive rights cannot be based on freedom and equality. If one has a right to free education, free health care, etc. and the government has the obligation to provide and pay for it, then the government is your master and you are its slave – at least with regards to this matter. When government creates so-called second generation or positive rights, they do so at the expense of first generation natural rights.

### ***Rights and obligations***

Rights and obligations go hand in hand, as they should in all spheres of human action. While, therefore, it is not only necessary but essential that we should intensify and multiply our efforts towards the safeguarding of human rights, we must all, individually and collectively, strive to deepen our consciousness of the duties we owe to each other at all levels. It emphasises our duties and obligations, so that each of us by duly discharging them helps to safeguard freedom, justice, equity and equality for all. Emanating from civil rights are the principles of equity and equality.

### **Equity and justice**

Another basic principle with which a constitution should comply is the principle of *equity*. The equity problem is a moral one and part of an ethical concept. In its

broadest sense equity can be defined as follows: ‘*Equity denotes the spirit and habit of fairness and justice and right dealing which would regulate the intercourse of men with men – the rule of doing to all others, as we desire them to do to us; or, as it is expressed by Justinian, “to live honestly, to harm nobody, to render every man his due”*’.<sup>67</sup> It is therefore the synonym of natural right or natural justice. However, in this sense, its obligation is ethical rather than juridical, and its discussion belongs to the sphere of morals. It is grounded in the precepts of the conscience, not in any sanction of positive law. Equity is characterised by the maintaining of high ethical and moral standards. It is, however, not only an ethical and moral issue, but also a judicial matter. Each person by nature has inviolability based on justice that should not be violated under any circumstances, not even for the sake of the so-called general interest or welfare of the community. The more specific sense that Aristotle gives to justice, and from which the most familiar formulations derive, is that of refraining from *pleonexia*, that is, from gaining some advantage for oneself by seizing what belongs to another, his property, his reward, his office and the like, or by denying a person that which is due to him, the fulfilment of a promise, the repayment of a debt, and the showing of proper respect.<sup>68</sup> Therefore, the equity principle denies the argument that one person’s loss can be justified by the benefit, which is created by such individual loss, and shared and enjoyed by others. The equity principle does not allow sacrifices, forced upon an individual or group, to be justified by their inherent benefits for the majority. Therefore, equity is accepted as a given fact within a just society, and the natural rights of the individual, secured by the equity principle, should never be subjected to political expediency or to the so-called community or general interest of the state. Positive rights do not comply with the principle of equity.

However, in a free and just society, people share each other’s fate, precisely because people agree in all reasonableness and fairness to do so. In the creation of government institutions, the goal of the community is co-operative action for the benefit and the interest of every individual, and not the interest of the state or the so-called community. The rationale behind the creation of government institutions is the collective pursuit of the greatest benefit for all without harming the individual. It must, however, be borne in mind that individuals are not genetically the same. Great intellectual and physical differences are likely; therefore, the talented have the moral duty to support the less talented in their needs, not for altruistic reasons, but because of the resultant positive externalities for the talented.

The structural ways in which equity can be secured are abundant. There may also be a multiplicity of views on how reasonableness and fairness can be secured. On the left of the political spectrum one finds the Marxist or socialist view on the redistribution of wealth, namely the imposition of a heavy progressive tax system where everyone is taxed according to his ability to pay and where everyone receives public goods and services according to his needs. This altruistic Marxist doctrine represents the idea of positive rights. The provision of public services based on needs only means that the poor receive public goods and services at the expense of the rich. This is robbing Peter to pay Paul. According to this criterion, governments will be

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67 Black’s Law Dictionary, undated.

68 Rawls, John, 1999, *A Theory of Justice*, revised edition, Oxford, Oxford University Press.



inclined to prefer need and not personal productivity as a measure for distributing public goods and services.

On the right of the political spectrum, one finds the classical capitalist approach that implies that any individual is entitled only to what he can afford. This means that any individual can enjoy public goods and services only to the extent of his cash contribution towards their cost. According to this approach, more public goods and services will be rendered to the wealthier and most productive part of a community and less to the poorer and less productive part. This approach is based on absolute free and equal access of everybody to all public goods and services, where each individual can enjoy particular public services according to his ability to pay for them, or according to his tax contribution in the case of collective public services – in other words according to his personal productivity.

### **Equality and inequality**

Equality is an ideal or principle; something people aim for or use as reference by which they guide their conduct. The concept of equality is relevant for the study of societies in which people aspire to greater equality, or in which the idea plays an important normative role in their institutions and practices. It plays an important role when there is an endeavour to reduce inequalities of wealth and to secure equality of opportunity, equality of voting power and equality of treatment before the courts.

The United Nations' *Universal Declaration of Human Rights* (1948), proclaimed that "all human beings are born equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of goodwill. Everyone is entitled to all rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status". No rational person can argue with this statement of human equality in dignity and rights; but are people really born equal in physical and mental abilities – that is physiologically? Do all people command the same mental faculties? The obvious answer is No! There is no such thing as natural equality. One can hardly discuss the term equality without discussing natural inequality.

### ***Natural inequality***

Some people have more brawn power than others do and some have more brainpower than others do. Some have both more brain and brawn power. In these two respects people are born unequal. We believe that God deliberately creates people with a difference in physical (physiological) and mental (psychological) abilities to form a natural hierarchical structure to manage the earth. Those with higher intelligence form the top of the structure; those with average intelligence form the middle of the structure; and those with lower than average intelligence form the base of the structure. This natural inequality is the basis of class differences. The intelligent and the ingenious, with their innovative and creative mental abilities, apply their ingenuity to become the upper class in society. They have the ingenuity to exploit the natural resources of the earth for their personal benefit. They become the business leaders and the professionals of society, forming the top echelons of the hierarchical human

structure. The average intelligent and ingenious people, forming the middle class of society, are the average achievers. They become the small business people, the artisans and the clerks. They manage to become self-sufficient and not so much dependent upon the good graces of the upper class. The below-average intelligence people form the working class of society; they are the unskilled labourers employed by the upper and middle classes. They are completely dependent upon the middle and upper classes for a living.

The principle of natural inequality does not mean that everybody with an above-average intelligence will become part of the top of the structure. This also applies to the middle class. The lazy and the useless are found among all levels of intelligence. Negative environmental (natural, political and social) circumstances could also prevent people from fully utilising their ingenuity.<sup>69</sup> The result is that the lower class may consist, first, of people who cannot, because of their mental inability, advance to the middle and upper classes. Second, it may consist of people who do have the ability to advance to the middle and upper classes, but who are too lazy and too useless to pull themselves up by their own bootstraps. Finally, there are those who are prevented by circumstances beyond their control to advance to the middle and upper classes. The division of society into classes or strata, which are arranged in a hierarchy of wealth, prestige and power, is a prominent and almost universal feature of social structure. This inequality among people must be accepted as an unalterable fact of human society.

### ***Moral or political inequality***

Perhaps the most famous assertion about equality making use of the nature/convention distinction is the oft-quoted passage from Rousseau's *Discourse on Inequality*: 'I conceive of two sorts of inequality in the human species: one, which I call natural or physical, because it is established by nature and consists in the difference of ages, health, bodily strengths, and qualities of mind or soul; the other, which may be called moral or political inequality, because it depends upon a sort of convention and is established, or at least authorised, by the consent of men.'<sup>70</sup> The difference between the natural and the conventional consists wholly in the fact that the former does not depend on human choice, whereas the latter, being people-made, is of our choice. This could well seem to suggest that everything made by people could be altered if we so choose. Natural inequalities are therefore unalterable, while all conventional inequalities can be abolished or amended as we wish. In normal circumstances, where there are no social, political or physical restrictions depriving people of equality of opportunity, inequality of wealth is a result of natural inequality.

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69 The apartheid policies of the old National Party deprived many Black people of the opportunity to utilise their intelligence and ingenuity and to become part of the upper class in South Africa. It is amazing to see that, in spite of this handicap, how many Black people succeeded in utilising their intelligence and ingenuity to become part of the upper class in society today. In spite of the protection they received under the apartheid policies, many Whites failed to become more than unskilled labourers.

70 Rousseau Jean-Jacques, 1755, *Discourse on the Origin of Inequality Among Mankind*, Microsoft® Encarta © Microsoft 1993-2000.

## **Civil liberties**

The doctrine of civil liberty is based on the assumption that every individual is born free and has the inalienable right to live his life as he wishes. The propositions on basic civil or human rights are supposed to guarantee political, economic, and social liberty.

- *Political liberty* guarantees every individual full participation in the political process of the country. It guarantees the right to form political parties or other interest groups to enhance the political beliefs of the individuals forming such parties or groups. It also guarantees the individual the right to vote and to stand for any political office. Political liberty brings peace and harmony, and peace and harmony bring prosperity.
- *Economic liberty* guarantees individuals full and free participation in economic activities anywhere in the country. It guarantees every individual to be free to work, manufacture, trade, contract and pursue his profession or career without unnecessary control by and restriction from government. Economic freedom is the corollary of political freedom. They are like the two sides of the same coin inseparably connected to each other. There can be no political freedom without economic freedom. True democracy means both political and economic freedom. Socialist governments that control the economy and still claim to be democratic are simply lying.
- *Social liberty* guarantees every individual the liberty to associate freely with other individuals of his choice. It also includes the freedom of the individual not to associate with any other person or group. It allows the individual even to socially discriminate against other individuals or groups with whom he wishes not to associate. Freedom of disassociation is the corollary of freedom of association. One cannot freely associate with people of your choice without being free to disassociate from those that one wish not to associate with. This does not mean that political and other formal public institutions have the right to discriminate against specific individuals or groups in favour of other individuals or groups. Social liberty also includes the liberty of individuals to educate them in whatever manner, in whatever language, in whatever culture and for whatever work, trade or profession they wish. It may even include the liberty not to be educated at all. It also means the freedom to foster one's own language and culture within specific groups. It includes the forming of private clubs for any social purpose. Social activities form the private domain of the individual, which any government dare not intrude upon; if the government does, then it cannot claim to be a democratic government.

## **Civil obligations and civil obedience**

Civil rights and liberties are only one side of the coin; the other side is civil obligations. Nowhere on earth can people demand civil rights and liberties without also being bound to certain obligations. The existence of basic human rights and the obligation of the government to maintain them and help every individual do not mean that individual citizens have no obligations towards fellow citizens, government and society as a whole. Remember one person's rights end where another person's rights begin; one person's liberty ends where another person's liberty begins. One cannot be free at the expense of another person's freedom. No individual has the right to intrude upon the rights of any other individual. "Do not do to others as you do not want them to do to you." This is the

Golden Rule of doing to all others as we desire them to do to us, or as Justinian expressed it: “to live honestly to harm nobody to render every man his due”.

This principle also means that every individual must maintain civil obedience towards government and society. This means that everyone must obey all the legitimate laws and regulations of government as well as the simplest social rules of society. It also means that every one must pay their dues to government for services rendered as taxes, user charges and consumer tariffs. It also means that one must pay one’s due to other people for things bought from them. One cannot take things from other people without paying for them. ‘Thou shall not steal.’ This means respecting another person’s privacy, life and private property.

## **PRINCIPLES OF ADMINISTRATIVE LAW<sup>71</sup>**

Administrative law evolved from constitutional law, while constitutional law deals with the structure of government, administrative law deals with the functions of government. Put another way, while constitutional law is concerned with the structure of the state at rest, administrative law is concerned with the state in motion. Perhaps the best that can be said of the distinction is that the two subjects involve a difference of emphasis: while constitutional law is primarily concerned with the structure and distribution of governmental authority, administrative law is primarily concerned with the mode of exercising governmental authority.<sup>72</sup>

Wiechers defines administrative law as that part of public law that rules the organisation, authority and functions of the public administration. This definition emphasises three elements; first, that administrative law is part of public law, second, that this branch of law rules the organisation, authority and functions of the public administration, and third, that public administration is the field of application of this branch of the law.<sup>73</sup>

Baxter provides the following as a ‘working’ definition: “*General administrative law comprises the general principles of law which regulate the organisation of administrative institutions and the fairness and efficacy of the administrative process, which govern the validity of and liability for administrative action and inaction, and which govern the administrative and judicial remedies relating to such action or inaction*”.<sup>74</sup>

Baxter’s definition serves as an excellent working definition for our purposes. The general principles of administrative law that regulate public administration concern matters such as authority and power, the devolution of authority and autonomy and the delegation of functional and decision making authority and all its ramifications.

### **Authority and power**

Authority is not power but authority creates power. Authority refers to the mandatory and discretionary power to carry out functions or services commonly undertaken by

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71 The student must be warned; this is not a full course on Administrative Law. Only some of the most essential principles applicable to public administration are highlighted.

72 Baxter, Lawrence, 1996, *Administrative Law*, Cape Town, Juta, pp. 50-51.

73 Wiechers, Marinus, 1995, *Administratietiefreg*, second addition, Cape Town, Juta, p. 2.

74 *Op cit.*, p. 55.

and between public sector organisations, and sanctioned by statute or the constitution. In a unitary system, governmental relations are mostly the result of enforced duties as prescribed by the constitution that controls lower governments by virtue of the centralised control of power and authority by the national government. In a federal system, however, the formal stipulations in the constitution define the authority of every government level – national, regional and local.

In both unitary and federal systems there are three similar types of governments, which are defined as a higher or central government, regional government and local government. In both systems the central government is the highest and supreme policy-maker of the country, but the systems differ from each other in terms of the manner in which they decide on matters that are far removed from their office. In a federal system political power is decentralised and lower governments decide on their particular matters without intervention and prescription from the federal government, provided the stipulations of the constitution regarding jurisdictional matters are adhered to.

In a unitary system the national government decides what types of lower governments – regional or local – will be created and to what extent these lower governments will make decisions on their behalf. The authority to make these decisions is usually subject to the laws that are promulgated on central government level and lower governments are continuously checked by higher legislation. The decentralisation of authority defines the powers of lower governments and leaves them free to decide on these matters without intervention from above. Decentralisation of authority provides relative freedom of decision making, subject to the change of authority or intervention when the national government decides to change the structure or responsibilities of lower governments.

### **Devolution of authority and autonomy**

A constitution also rules the relationship of the authority between central, regional and local government. A basic principle of good governance is that authority should be properly devolved to lower-tier governments and to allow such governments the maximum autonomy possible. *Devolution* means the transfer of authority by way of legislation, preferably through the constitution, to the lower tiers of government. Transfer of authority is not simply the delegation of decision making and executive authority. Devolution of political authority is *constitutional decentralisation*. It refers to the constitutional distribution of political authority among political institutions. It eventually means the granting by the constitution of full *autonomy* to regional and local governments. Full autonomy means the constitutional ‘power’ of unfettered legislative, executive and taxation authority. The primary condition for political devolution and full autonomy is that the devolved authority must be executed within the framework of the constitution, and of other constitution-related laws, such as regional and local government charters. Good governance demands devolution of authority to and autonomy of regional and local governments, simply because everything cannot be done efficiently and effectively at the central level.

### **Delegation of functional and decision making authority**

It is imperative to remember that no public institution can act without proper authority. In a liberal democracy the voters (citizens) are supposed to sanction or approve the constitution. By approving the constitution the voters (citizens) authorise the legislature to adopt laws, but only on matters stipulated in the constitution. The constitution usually prescribes the formation, functions and authority of the executive. Any actions of the legislature or executive taken outside of this authoritative legal framework would be *ultra vires*.

Another important rule to remember is that no institution or person may delegate any of its authority unless such institution or person has been authorised by a higher authority. For instance, if the constitution (the highest authority after the voters) does not authorise the legislature to delegate some or part of its legislative authority to the executive, then it cannot be done. The constitution must authorise the legislature to delegate legislative powers to the executive. A cabinet minister may not, for instance, promulgate regulations in terms of its controlling law, unless that law specifically provides for such power and unless the constitution empowered the legislature to delegate such power to the minister concerned.

### **The purpose of delegation**

It must always be remembered that in the public sector delegation of operational and decision making authority is a management tool to be applied in a prudent manner aimed at the realisation of predetermined goals and objectives. The *primary objective* is to ensure efficient and effective administration and management. *Efficiency* in this regard refers to the relationship between goods and services and the resources used to supply the goods and services. Efficiency delivers the maximum results for any given combination of resources, or uses the minimum resources for any given quantity and quality of goods and services rendered to the public. *Effectiveness* in this regard refers to how well a public institution realises its goals and objectives through the execution of its budget programmes. Where there is no efficient and effective management and administration, there can never be efficient and effective governance. A *secondary objective* is the in-service training of public administrators. Without well-trained, skilled and motivated public administrators, efficiency and effectiveness will never be realised. If public administrators can never use their own discretion and make their own decisions on the execution of their day-to-day activities, they will tend to become passive and reactive, waiting for problems to arise and for orders from above and working strictly to the rules to stay out of trouble – typical of a communist administration. Without any delegated discretionary decision making authority, public administrators will never become proactive, enthusiastic and dynamic professionals with pride in their positions, functions and duties.

### **The need for delegation**

Delegation of operational and decision making authority is the lubricant of an organisational structure. Delegation is aimed at the smoothest and most rapid execution of service activities for the benefit of the public, who are supposed to be served. It is self-evident that the legislature, executive, a minister or chief executive

officer on any level of government cannot execute all the functions and activities that have been imposed upon them by the constitution and other legislation. If this were the case, any country's governance and administration would grind to a halt.

Public administrators at all levels will never develop into skilled and useful managers if they are not allowed to take their own decisions on matters that are necessary for the efficient and effective execution of their functions and duties to realise the objectives and targets assigned to them. A public administrator executing only commands from above and who is not allowed to use his own discretion and initiative will soon become unenthusiastic and uninterested in his work. From such public administrators one cannot expect responsibility or accountability for the results of their operational activities, while they are acting within a rigid framework of instructions from a higher authority. In such cases public administrators will work strictly according to the "rule book" without revealing any original creativity and initiative – this may have been one of the reasons for the downfall of the communist systems of the world.

Yet another very important legal fact requires the need for proper delegation. If any public administrator takes any action without delegated authority, such official will be held legally responsible for the outcome of such actions. The person who took such unauthorised action will be held personally responsible for any claims against the government. It is therefore in the interest of all public administrators to see that they have delegated authority and power before they start acting.

### **The meaning of delegation**

In short, delegation may be defined as an act by which some higher authority transfers its power, bestowed upon such higher authority by law or any other authoritative means, to a subordinate. This is done in order that the subordinate may execute his duties at his own level by taking his own decisions and finalising matters without the need for constantly referring any matter to the higher authority for decision and instruction before any action can be taken. This definition is supported by the following definitions of other authorities of the subject:

- "To delegate is to entrust to another the execution of some *power* or duty vested in oneself; as such, delegation implies in its very essence the transfer to another of more than a mere executive power; a *discretion* is also transferred" (Garner);
- "Delegation, in substance, requires the turning over of both the *authority* and the responsibility for doing a job, to a subordinate who is held *accountable* for that job" (Steinmetz).<sup>75</sup>

It is clear from the above definitions that terms like *authority* and *power* are used in a very loose and careless manner. For the purpose of this study it is essential that a common understanding and agreement be reached on the meaning of these terms. There are several terms usually used in connection with delegation, the meaning of which must be clear to avoid confusion. These seven terms are: *authority*, *power*, *responsibility*, *accountability*, *discretion*, *delegator*, and *delegee*.

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75 Both definitions quoted in Gildenhuis J.S.H., 1997, "Drafting of Delegations" for the Cape Metropolitan Council, Cape Town

- *Authority* is the legal right someone has to command someone else to do something, as well as how, where and when to do it. A person or an institution (legislature or executive) possessing this authority to command someone else is regarded as the higher or highest authority. It also means that the person or institution with authority has the legal right to take decisions and to undertake actions independently.
- *Power* derives from authority. A person or institution with authority has the legal right to take decisions and to take actions in order to execute functions and discharge responsibilities. We then say such a person, because of the authority bestowed upon him, has the *power* to take decisions and to act on such decisions.
- *Responsibility* is the task delegated, the work or duty a person or institution has been directed to do. It refers to the functions and activities to be executed. We then say that such a person or institution has been charged with the responsibility of doing this or that.
- *Accountability* means “carrying the can”, being ultimately held to account for the success or failure of an action. It follows therefore that someone held responsible for discharging certain actions or duties and to take decisions in respect thereof, must eventually *account* to a higher authority for the results of such actions and decisions.
- *Discretion* is a concept embracing a number of interrelated concepts. To exercise a discretion refers to a psychological process which commences with the separation or distinguishing of subject matter by the exercise of insight and good judgement, upon which is based a choice from among alternative courses of action, which choice is expected to be made in a judicious or sagacious manner.<sup>76</sup> When a person or institution has been allowed to use discretion, then such person or institution may not transfer the execution of the discretion to someone else. The person to whom the discretion has been delegated is also not allowed to execute his discretion subject to the commands, prescriptions, or guidance of another person or institution. When a higher authority therefore delegates a power of action or decision making to a subordinate person or institution, and such person or institution is allowed to use discretion, the subordinate may not further delegate such power to his subordinate, unless specifically authorised by the original higher authority to do so. The higher authority may then not instruct the person or institution to whom such power has been delegated on how to use his discretion.<sup>77</sup> The delegation of discretionary decision making authority is indeed the purest form of delegation.
- The *delegator (delegatus)* is the person or institution vested with the original authority and the legal permission to transfer or hand over (to delegate) specific authority, power and responsibility to a subordinate person or institution. The delegator may also be referred to as the higher authority. What is of importance here is that the delegator must have the legal or statutory right to delegate some or all of its authority and power to subordinate persons or institutions.

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<sup>76</sup> Baxter, Lawrence, *op cit.*, p. 80.

<sup>77</sup> Wiechers, Marinus, *op cit.*, pp. 210-211.



- The *delegee* is the subordinate person or institution to whom the delegator transfers or hands over (delegates) his statutory authority and power to discharge such authority and power in the name of the delegator and to account to the delegator on the results.

For the purpose of this study, the meaning of delegation may thus be summarised as follows: *The transfer of authority by the delegator for the discharging of a responsibility in executing a duty or taking action to a delegee. The delegator simultaneously invests the delegee with the power to independently take decisions and to use his discretion in order to discharge his responsibilities. The delegee is then held accountable for the proper discharging of the power delegated to him and must account to the delegator on the results of his actions and decisions.*

### **The alter ego rule**

The *alter-ego rule* must also be considered. Literally translated, *alter ego* means nothing more than the “*other I*”. The alter ego acts in the name of the principal. This means that the delegee acts on behalf of the delegator and his actions are regarded as the actions of the delegator. This rule applies only in cases of delegation where no discretionary decision making power applies, the delegee acts independent and *instead of*, or *in the place of*, and not on behalf of the delegator. In this instance, the delegator cannot deny his responsibility for the actions of the delegee.

### **The rule *delegatus non potest delegare***

Another rule to remember is the rule *delegatus non potest delegare*. This basic rule means in simple language that a delegee may not delegate his delegated authority, functions and powers to someone else, unless the original authority (delegator) has allowed the delegee to do so. This rule must always be borne in mind when any institution or person wants to delegate functions and powers to its subordinate institutions or persons.

### **Types of delegation**

To really understand the essence of delegation it is necessary to analyse the various forms of delegation. Wiechers states that in the midst of complicated government organisational structures functions and services one finds various forms of delegation that complicate the typification of a delegation as a specific kind.<sup>78</sup> To understand the nature and extent of a specific delegation, it is imperative to accurately analyse the relevant law or other measure regulating such delegation. It must always be remembered that delegation takes place for the purpose of dividing work among several persons and institutions of an organisation in order to realise the goals and objectives of such organisation as effectively and efficiently as possible. There are four basic forms of delegation, namely – the *mandate*, the *ministerium*, *deconcentration*, and *decentralisation*.

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78 Wiechers, Marinus, *op cit.*, p. 55.

### **The mandate or command**

The *mandate* or *command* is the simplest form of delegation. In such a case the higher authority (delegator) decides and request or orders a subordinate person or institution (delegee) to execute the decision in a practical manner. This form of delegation is nothing other than the execution of an order without the executor (delegee) taking any responsibility for the real decision taken by the higher authority. The execution is done *in the name of the principal (delegator)*. The delegator must accept full responsibility and must account for its results, because the delegee acts in the name of the delegator and not in his stead. In this case the delegator shall not transfer or shift his discretion to a delegee, and the delegee is not allowed to use his discretion. The decision or command must be executed as it stands. This is the most common form of delegation in the authority relationship between a government and its subordinate institutions and employees. The government takes the decisions and the personnel execute the decisions, while the government remains accountable for their execution and must accept full responsibility for the results.

### **The ministerium**

A *ministerium* is an action taken by an official acting within the framework of prescribed rules and procedures according to a narrowly defined task. It is an essential characteristic of a *ministerium* to be so fully defined and prescribed that no *discretion* is allowed with its execution. Procedures contained in procedure manuals prescribing the process of how and in what order functional activities must be executed are an example. The delegee must execute the *ministerium* as prescribed and cannot use his discretion. *Ministeriums* are associated with the *job descriptions* and *job specifications* of each position in the organisation. The ministerium rule demands job descriptions and job specifications for each post in the organisational hierarchy. Occupiers of posts without proper job descriptions and job specifications may find themselves in positions of acting without authority.

### **Deconcentration**

This is the general form of delegation in the public sector. Within a close authority hierarchy such as in the case of a government department, it is often necessary to organise a deconcentration of functions and authority, because it is impossible for a minister or a chief executive officer to execute all the functions and authority that have been entrusted to him by legislation. The most important reason for this type of delegation is the practical need for more efficient and effective governance, management and administration. The most important principles applying to *deconcentration* are the following:

- The delegator at any time can withdraw its delegation in order to execute the function himself, or prescribe rules according to which the delegated function or authority must be executed without discretion;
- When a delegee executes a function in the name of the delegator, the delegee acts entirely *instead of or in the place of* the delegator and executes the function as if the delegator were doing it himself;

- The delegator in his capacity as principal authority may execute several forms of control over the activities of the delegee. If the delegee does not execute his delegation properly, the delegator may release him from his task. If the activity has not yet completed, the delegator may intervene and complete it. However, if the activity has been completed, the delegator is bound and cannot reverse the situation. The delegator is bound because in the case of deconcentration the delegee acted completely in the stead of the delegator. In such a case, the delegator cannot undo the results of the delegated activity, especially where a third party already obtained certain rights as a result of the execution of such delegated activity. However, where a third party suffered a loss, or has been harmed, injured or prejudiced, the delegator may undo the results, if still possible;
- The institutions or officials within the same government organisation cannot, in the case of a dispute among them about delegated authority, take legal action against one another. For instance, the executive cannot take court action against its own legislature in case of a dispute between them; neither can a minister or chief executive officer take legal action against the executive. The legislature is the supreme authority and its decision is final, unless it clashes with the constitution. However, this rule will not apply where, for instance, a law of Parliament delegated a function or authority directly, without intervention of the executive to a minister or a public administrator.
- It is generally accepted that solidarity prevails within the same organisation. Legally this means that the legislature will ultimately know what is best for the public and for the legislature itself. Therefore, the legislature, as the supreme constitutional authority, may consider other facts concerning certain cases than what has been taken into consideration by the delegee.

In conclusion, one may state that delegation through decentralisation leads to complete delegation of operational and decision making authority. It always takes place within a certain authority hierarchy, with the result that the legislature (delegator) can at any time withdraw any delegation and reserve it for itself.

### **Decentralisation**

The next form of delegation derives from the *decentralisation* of functions and activities. Although this form of delegation is also done by way of the division of labour, the way in which the division of labour takes place differs from that in the case of *deconcentration*. In the case of *decentralisation*, certain authority and powers are assigned to an *independent institution* executing the authority and powers completely in its own name. The delegator assigns certain functions to the *independent institution* and, according to this rule, the delegator has no authority to intervene or to act on behalf of the delegee.

Delegation through *decentralisation* can take several forms. Sometimes more power and sometimes less power of control is assigned to the principal organisation. Sometimes the principal organisation is even authorised to intervene in the activities and powers of the subordinate institution. In some cases, the principal organisation may even take over the functions and powers of the subordinate institution, if the latter

fails to execute them properly. Please note, however, that the principal organisation, in spite of the authority to intervene and to take over, still executes the functions and powers on behalf of the subordinate institution when it intervenes or take over.<sup>79</sup> There is in the true sense of the term no real delegation of functions and powers in the case of the creation of specialist institutions, like parastatals, within the macro organisational framework of the government. It is rather a matter of dividing such functions and powers between two or more independent authorities, who shall not intervene in each other's functions and powers, unless the law or agreement regulating the delegation specifically provides for such intervention.<sup>80</sup>

### **Distinction between deconcentration and decentralisation**

It is for practical reasons important to highlight the distinction between deconcentration and decentralisation.

In the case of decentralisation:

- The independent subordinate institution must be addressed or approached by third parties and not the principal organisation;
- The subordinate institution shall not transfer or assign its functions and powers to the principal organisation.
- The principal organisation shall not execute the functions and powers of the subordinate institution out of its own will, *unless in the case of neglect of duty* on the part of the subordinate institution as explained above.

The basic principle in the control relationship between delegator and delegee in the case of decentralisation is that *the principal organisation must regard the subordinate institution as an independent entity!* Contrary to this rule, in the case of *deconcentration*, the principal organisation retains the final authority and it may intervene in the functions and powers of the subordinate institution. The principal organisation may even take over the functions and powers of the subordinate institution and execute them in its own name. In the case of *deconcentration*, the delegee (subordinate institution) is a dependent entity.

The most basic rule to remember is, that all delegations must have a statutory origin, otherwise they would be illegal. A law, by-law or regulation must support the delegation to subordinates.

### **ECONOMIC PRINCIPLES<sup>81</sup>**

Socialist countries may follow a policy of what is called a mixed economy. That is where the private sector runs the economy but with government intervention and even government participation in specific sectors of the economy. The system is characterised by large nationalised industrial monopolies run by the state. Nationalised industries are sometimes run by the state parallel to the private sector industries and

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79 See Fouche v Bessant NO, 1952 2 SA 294(N), Reddy v Town Council for the Borough of Kloof, 1964 3 SA 280 (D) quoted in Wiechers, Marinus, op cit., p. 60.

80 Wiechers, Marinus, op cit., p. 60.

81 Gildenhuys JSH & A Knipe, op cit., p. 115.

sometimes in competition with the private sector. Communist countries have no private sector. All property and production factors belong to the state. All industries are state owned and the economy is centrally managed by the state.

The economic history of the world has proved that these two economic systems (socialism and communism) could not stand the test of time. They both failed. The communist system failed dismally in, for instance, the former USSR and the former Deutsche Demokratische Republik (DDR). Where a socialist mixed economy is still in place, the signs of failure are eminent. The only system that has proved to be successful for economic growth and the creation of wealth for all is what is called the *social-market economic* system, a system with a free market and a social conscience. In this system government intervention is limited to the absolute minimum. The system is also free of government industrial enterprises. The government does not compete with the private sector at all. All economic activities are controlled by the private sector and all economic decisions are left for a free market to decide. There are several principles supporting a social-market economic system. Only a few basic principles will be explained here.

### **Economic freedom**

Democracy and democratic principles denote the political freedom of the individual. Economic freedom is the corollary of political freedom. No person can be politically free without also participating freely in the economic activities of a country. This also means that the individual may pursue his personal economic activities anywhere in the country without any unnecessary government restrictions and control. Economic freedom demands a free social-market economy, where free enterprise can contribute to economic development. Government and government intervention in the economy cannot create economic development. Socialist policies with limited economic freedom for the individual cannot create economic growth, because they cannot create economic development. World economic history has proved that only a free-market economy can create economic wealth through dynamic economic development. Economic development is imperative for economic growth, while economic growth creates a broad tax base for the supply of revenue for the government to pay for social services and the upliftment of the poor and the disadvantaged – this is the essence of a social-market economy.

### **Private ownership of property**

A basic requirement for the economic freedom of the individual is private ownership of property, including the ownership of other production factors such as capital and personal labour. There can be no economic freedom without private ownership of property. Private ownership of land and other production factors creates financial credibility and allows the individual owner thereof to obtain capital for business and other personal purposes. The creation of a system of private ownership of particular property (free title deed) of houses, farmland, manufacturing and commercial properties for all is imperative to comply with the ultimate purpose of government. Socially, private ownership of property creates a sense of civic pride and civic responsibility in the individual property owner. No matter what the size or value of

such property, every owner of such property feels like a king of his own domain, and no one else can intrude without his personal permission. Private property owners do not maliciously burn or damage their own properties and are therefore inclined to respect the private property of other citizens, also government property collectively owned by the citizenry.<sup>82</sup>

### **Free production process**

Private ownership of property without the freedom to participate in the private production processes of the economy does not constitute economic freedom. Private ownership of property and of other production factors with centralised state control of the production process describes Mussolini's Fascist system. Fascism does not allow for economic freedom. It allows private ownership, but the government controls the production processes of the economy. Non-interference in the production processes is a basic principle of the free social-market economic system.

### **Privatisation, deregulation and small business**

Economic freedom and private ownership of property demand the privatisation of some government activities. Privatisation can be done by way of denationalisation, withdrawal from the market place, suspension of government economic activities and deregulation of private activities. The enhancement of small business is a natural corollary of privatisation and deregulation. Small business enterprises can, for instance, be created and developed by contracting many government activities and functions to private individuals. Private small business and private commercial farming are two basic pillars of economic development.

### **Less licensing**

Business licensing has two functions, namely a revenue function and a regulation function. When licensing does not require the regular inspection by government of business or of goods sold, such licensing serves only the revenue function. The assumption of licensing for regulation purposes is that all rights to do business rest with government. In such a case the government will decide on the granting of business rights to selected individuals. This is completely contrary to the principle of the economic freedom of the individual. In the case of economic freedom, licensing is only required when regular government inspection of business or of goods sold is necessary for protecting the health and safety of consumers. Licensing in this regard means only the registering of the activities and the addresses of businesses and not regulating economic activities. Unnecessary licensing should not be allowed and all business activities should be deregulated, otherwise the door to corruption is opened.

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82 It is no accident that the stoning and burning down of schools and of houses often takes place in the rural traditional areas and in the townships of South Africa, where private ownership of property never existed and was never experienced by the people of such areas. This is the direct result of the communal ownership of property of the tribal system. Property in these systems, especially land, belongs to everybody but to nobody in particular. These people could never experience the value of private and particular property ownership and could never develop a sense of civic pride and civic responsibility.

## **International economics**

The international economic system, through the World Trade Organisation, strives for a globally open and free trade economic system. Institutions like the International Monetary Fund and the World Bank put pressure on countries for free-trade policies. Through the World Economic Forum, they pressurise member countries to move away from protection policies to advance free trade internationally. Free trade is a generator of rapid economic growth and increases the productivity of a country, which is imperative for maintaining a social-market system. Because of the worldwide open international economic system, a country cannot escape the impact of international economic trends. International recessions, depressions and high economic peaks have a direct effect on the domestic economic activities of a country. This is reflected in balance of payments problems, low exchange-rate values of the local monetary unit and domestic inflation. Countries cannot, therefore, isolate themselves from international economic trends and ignore the international world in their economic policy decisions.

Globalisation of the economy and worldwide free trade can have detrimental effects on the developing countries without any comparative production advantages, especially those countries that lack the human quality with competitive economic skills and the will to work. Only countries with a skilled labour force with a positive work ethos and the will to survive will be able to compete in a global free-trade economy.

## **POLITICAL PRINCIPLES<sup>83</sup>**

Political activities denote the interaction between government and its administration, on the one hand, and the public, on the other hand. There is always a conflict situation between insatiable public needs competing for limited resources. Public needs can best be articulated in a democratic political system. It needs an open-system approach with direct and indirect representative political participation to bring government and its administration as close to the people as possible. The system also demands direct accountability and responsibility from the political representatives and public administrators to the public.

### **Direct participation and the will of the people**

Direct participation means the political empowerment of all citizens in such a way as to allow them to articulate their will and their needs directly to political representatives and public administrators. This demands the delimitation of small sub-units for representation within the ultimate national, provincial and municipal boundaries – that is, geographical constituencies and wards. The macro-organisational system must be constructed in such a way, along with the demarcation of boundaries, as to create community units to articulate their needs to political representatives. It also demands constant consultation with and response to such units by the political representatives and the bureaucracy, as well as direct access by communities and individuals to information concerning them. This principle means complying with the will of the majority of the people, but without jeopardising the rights of minorities!

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83 Gildenhuys J.S.H. & A. Knipe, *op cit.*, p. 111.

### **Participation through representation**

Because of the process of industrialisation and the concomitant urbanisation resulting in the establishment of large urban areas and national states – the classical direct participatory democracy of many centuries ago – is not a practical proposition today. Representation through elected politicians has replaced direct participation by the public. To facilitate the interaction between representatives and the public, geographical constituencies and wards should be demarcated for the election and representation purposes. Community organisations can then be organised within the limits of these geographical constituencies. Consultation with and response to the local community would then simplify the interaction process for direct participation by the elected political representatives.

### **Responsibility and accountability of political representatives**

The essential principle of representative democracy is the responsibility and accountability of elected politicians towards the public, rather than direct participation of all citizens in the policy-making and decision making processes. Representative government implies a political division of labour under which those for whom politics is an all-consuming passion carry on the process of political decision making. It is the notion of political accountability of representatives – through free and periodic elections and systems of recalls – that ensures that political representatives govern in the interest of the people rather than for the sake of another sectional interest. Thus representative government depends on a division of labour between political representatives and citizens and on the accessibility and accountability of the former to the latter.

### **Government close to the people**

The former two principles presuppose the need for bringing government as close to the people as possible. This means demarcating geo-political units as small as possible, each with its own peculiar political and representative structure to bring government as close to the people as possible. A national state, therefore, should be subdivided into a hierarchy of regional (provincial), metropolitan, municipalities, rural districts and local community areas. This principle also means the decentralisation of personal public services down to the smallest local unit possible.

### **Open-system approach**

To comply with democratic principles one needs an open government system. This means a system that is in constant harmony and equilibrium with its environment, a system that is outwardly directed in order to identify and satisfy the needs of, and that respects the common values of, the community. An open system strives for external efficiency and effectiveness; in other words to satisfy public needs optimally, instead of concentrating only on internal efficiency and effectiveness of the administration for the sake of perpetuating the life of the organisation for the personal gain of political office-bearers and public administrators.



## **Global politics**

The recognition of the principles of global politics is imperative for good governance. The astonishing and rapid technological development of the past few decades have shrunk the boundaries of the world. Communication and transport developments have brought the people of every country of the world into almost immediate contact with each other. They have opened the boundaries of countries, converting the whole world into an open global system. Global politics and global economics are the basis of the international power play. No country in the world can isolate itself from the rest of the world and ignore this power play.

The use of computers and the Internet in the industrialisation process have widened the gap between the 'high-tech' (developed) and emerging (developing) countries, making the developing countries less competitive and subservient to the developed nations. More important, however, they have reduced the cost of political power (that is the affordability of weapons) and therefore shifted the international power base from the historically centralised position, where a few nations wielded the power, to a more decentralised position, where several countries are now in a competitive power position. International politics and international economics are, therefore, two major forces to be reckoned with.

The past decades were the era of socialism in the world. However, the immediate past has revealed an inclination to move away from socialism. The impulse throughout the world today is to change to what is called a social-market economy, based on individual economic freedom and the social responsibility of the state towards the poor and the needy.<sup>84</sup>

The leading nations of the world are also committed to real democracy and the rule of law and will not tolerate the oppression of people by either the military or the civilian elite dictatorships. The international "intervention" in the politics of Zimbabwe and its presidential election in March 2002 is a good example. Political leaders must therefore be careful not to identify themselves with discredited economic and political systems and leaders – this may have detrimental international political and economic effects for such countries.

## **SOCIAL PRINCIPLES<sup>85</sup>**

Societies represent integrated political, economic and social systems. The social fabric of society is an important part of political and socio-economic interactions. Social principles play an important part in securing good governance. Many social principles can be cited. The following are but a few very important ones.

### **Non-racialism and non-sexism**

In an ethnically diverse society non-racialism is imperative for creating a culture of belonging together and for facing the formidable challenge of nation building. The entire world has a history of discriminating against women, while the skills of women

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84 This notion does not mean that socialism is dead. It is still alive and well as is evident from the recent election results in Italy and the gaining of popular support by the Communists and the declining popularity of Boris Yeltsin in Russia.

85 Gildenhuys J.S.H. & A. Knipe, op cit., p. 118.

are desperately needed. Non-racialism and non-sexism will restore the individual dignity that has been devastatingly trampled upon in the past in many parts of the world. Non-racialism and non-sexism are needed in the workplace, the professions, trade, industry, politics, recreation and all other social activities. Good governance demands strict adherence to this principle, because a country's economy demands the skills of all races and of women.

### **Nationalism and solidarity**

Good governance demands a strong national ethos and solidarity among the people of a country. Nationalism binds people of ethnic diversity together with a common loyalty to one state. The state is then seen as a single institution of a single country with single social, political and economic systems. However, a strong nationality and solidarity demands some common core values and needs that bind all groups as one nation together – a binding force that all believe in and something all respect. A strong national ethos is imperative for successful government and administration, because government will then enjoy the legitimacy and support of the people. If there is no binding force, there will never be a national ethos and solidarity among a diversified people. Diversity of loyalty and a lack of a common national ethos and solidarity can create friction and conflict among diversified ethnic groups within one state. Such a situation will create chaos and can even lead to civil war. A common nationalism is thus a prime principle for good governance.

### **Inclusiveness**

An all-inclusive political system is the corollary of non-racialism and non-sexism. In a liberal democratic system, where the will of the people is paramount, there is no place for an elite system, where political power is vested in a mysteriously organised exclusive elite group. Political structures and government institutions must be all-inclusive. This means that no individual or group should be excluded from participation in political structures and employment by government institutions.

Can this principle apply to private social and economic structures? The answer is No! This would be in conflict with the principles of social and economic liberty. Private social organisations should not be forced by law to open their membership to every one with whom the members of the organisation wish not to associate. This would violate the members' civil rights of liberty and freedom of association. They have the right to be exclusive – the choice of association must be theirs.

The same applies to private business. Private business likewise should not be forced by law to be all-inclusive in their employment policies. Private businesses must make a profit for their owners. What private business needs are the 'best' employees, employees that can make a profit for their employers. With this principle in mind, it is obvious that every right-minded businessperson will employ the 'right' person, no matter what his or her race, sex or creed is. Employment, therefore, must be based on merit. In a free and democratic society, it is unimaginable that private business should be forced by law to be all-inclusive in forming business partnerships. In a free and democratic society it is nobody's business if any private business wishes to discriminate against any person on whatever grounds. Private business, likewise, has the right to be exclusive.

### **Civic pride, civic responsibility and civic obedience**

A proud community is an imperative for good governance. Personal civic pride is a prerequisite for a proud community. This can only be realised by creating individual dignity and a common national ethos. Individual dignity demands the acknowledgement of every person as a human being, equal in status with every other person. Social, political and economic liberties form the basis of this dignity. Education and training are imperative for creating civic pride. Ignorant people usually suffer from an inferiority complex. They suffer from a negative personal image. Well educated and trained people are proud and dignified. They are normally noble in appearance and manner. People must be educated, trained and taught to support themselves. This is the starting point for the social upliftment of the disadvantaged and the poor. It enhances the dignity of individuals and creates self-respect, resulting in civic pride. The crucial point here is that, although all people are born equal in status in the eyes of God, they are not born equal in physiological and mental abilities. The physical power and the brainpower of people differ. These differences eventually lead to a hierarchical structure of social and economic classes. The education and training system must provide for these differences.

Civic pride and personal dignity are one side of the coin. The other side of the coin is civic responsibility. This means the responsibility of every one to acknowledge and defend the dignity of all others. The acknowledgement of personal dignity also demands civic obedience from every individual. This means obeying the legitimate laws and rules of society.

### **PUBLIC MANAGEMENT PRINCIPLES<sup>86</sup>**

The basic principle of business management is the profit motive. This is the ultimate goal of any business enterprise. If a business does not make profit, it simply goes bankrupt and disappears. Profit is essential for the life of any business enterprise. The basic objective of government in a liberal democracy is not profiteering. Only in communist systems where there is no private sector, would one find that profit for the omnipotent state is the only principle. This also applies, although to a lesser extent, in the case of so-called welfare states where government owns nationalised industries run by government institutions.

The basic principle of government in a liberal democracy, however, is optimum service delivery at optimum cost for realising its ultimate goal of creating a good quality of life for every individual citizen. Democratic governments do not seek profit. This basic principle of service delivery at cost demands special skills in implementing public management theories and practices based on sound public management principles and not on the principles of business management.

### **Organisational development**

Attempts should be made to improve government institutions and to minimise the negative and dysfunctional consequences of their actions for the benefit of the public.

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86 Gildenhuys J.S.H. & A. Knipe, *op cit.*, p. 123.

Organisational development is such an attempt. Beware! Organisational development does not mean uncontrolled organisational growth and the proliferation of government institutions. As an applied behavioural science, organisational development aims at improving the performance of the bureaucracy through planned actions to improve the structures and functioning of the public sector. Its underlying values are democratic and humanistic. It relies on a systematic process to diagnose and deal with organisational problems and to maintain government organisations in a state where they function effectively and efficiently. In developing government organisations the following principles should be adhered to:

- Deconcentration of administrative and services units – every activity and function should not be concentrated at the centre;
- Decentralisation of decision making; and
- Delegation of decision making authority – high-, medium- and lower-order decisions should be delegated to top, middle and lower management levels respectively.

### **Open-system approach**

For developing an organisational structure in a democracy, an open-systems approach is imperative. This means that the organisation's activities should be directed outwardly for the satisfaction of the public's legitimate needs and for resolving the public's legitimate problems. They should be directed mainly at external efficiency and effectiveness and not only at internal efficiency and effectiveness. Concentrating only on internal efficiency and effectiveness means a closed system that may be in constant conflict with its environment. A government organisation must therefore always act in harmony with the public and not in conflict with it. Put another way, it must always be in equilibrium with its environment.

### **Value-oriented public management**

The corollary of an open-systems approach is a value-oriented approach in public management. This approach demands adhering to certain values such as:

- Responsiveness to public needs and problems;
- Public participation in decision making;
- Free choice of public services by the individual;
- Responsibility for programme effectiveness; and
- Social equity.

### ***Responsiveness***

The responsiveness of public institutions to individual problems, needs and values as well as to those of specific groups should be increased and secured. To increase and secure responsiveness, political and administrative decentralisation to the smallest autonomous government institution possible is necessary, in order to secure effective voters' control of public administration. The ways in which responsiveness can be enhanced include regular interaction between the public, on the one hand, and the public officials and political representatives, on the other hand, and also the application of the tenets of true democracy as guidelines for action. This demands

more from the public officials than reaction to the input from the political representatives only. It is common knowledge among public officials that they contribute substantially towards the formulation of government policy and this demands that they should always be on the alert and responsive to the needs, problems, wishes and values of the individual citizen.

### ***Public participation in decision making***

Participation in political decision making by members of the public – individuals and groups, directly or indirectly through elected political representatives – must be secured. The largest possible participation in public decision making can be secured by the acceptance of the principle that every individual citizen of a country has the democratic right to participate in public decision making in all those areas in which his life is being influenced – and this includes almost all government activities.

### ***Free choice of public services***

Members of the public must be free in their choice of public services. They should, for instance, not be forced to use particular public services against their wish, or be forced to pay for them by way of general taxes if they do not make use of such particular services. Freedom of choice can be secured by enlarging the number of options through the development and supply of alternative services that will satisfy the same need. The most effective way of enlarging the number of alternatives is the privatisation of particular services. The free choice principle also demands the abolition of government and other public monopolies of particular services. The private sector must be allowed to compete with the government.

### ***Responsibility for programme effectiveness***

Programme effectiveness in an open-system approach means the execution of a programme in such a manner as to satisfy the legitimate values and needs of the individual and the community efficiently and effectively. Programme effectiveness demands administrative decentralisation, delegation of decision making authority, and performance standards. It also demands the timely measurement and evaluation of results in order to determine whether they comply with the predetermined performance standards, but most of all whether the values and needs of the service target group have been successfully addressed.

### ***Social equity***

The social equity problem is one of making government administration responsive to the needs of the individual and this requires rising above the rules and routines of public administration to showing respect for and acknowledging the dignity of the individual. What is needed for social equity are not public regulators but public servants willing to serve the people in a reasonable and equitable manner. The approach to social equity or social justice outlined above can be summarised in the points below: The principle of social justice -

- would provide social equity with an ethical content. Acceptance of the principle of social justice would provide the equitable public official with clear, well-developed ethical guidelines which would give social equity the force that it now lacks;

- could provide the necessary ethical consensus that the equitable public official has both the duty and the obligation to deploy his efforts on behalf of the individual;
- would impose constraints upon all complex public institutions, since no organisation would be allowed to infringe upon the basic liberties of individuals;
- would provide a means to resolve ethical impasses; and
- would provide a professional ethical code of conduct for public officials that would require a commitment to social equity.

The long-range continuation of widespread and deep inequities in any country poses a threat to the continued existence of its political system. The continued and illegitimate deprivation of the individual or a certain group of individuals of their civil rights, amidst plenty for other individuals and groups generates a feeling of hopelessness, anger and militancy amongst the deprived. In such circumstances, where some individuals or groups feel that they have been deprived of their basic human rights, whether political, economic or social, and where the public administration generates only social costs for them over time, some people will be willing to engage in activities to destroy that system, or to bring about constitutional change. One should not be surprised at this; it is simply rational behaviour on the part of the deprived. If one is playing in a game where one is always the loser, one usually wants to get out of the game or change the rules, even by force, if necessary.

Where social equity is accepted as a major ethical guideline for public administration, it will serve as a criterion for effectiveness in the same way as efficiency, economy and productivity. A government that ignores social equity as a norm for effectiveness and that refuses to address the problem will probably and eventually turn to oppressing the deprived in order to ensure its own existence.

### **Corporate management**

One chief officer can never manage the affairs of one large government department on his own. Each line-function service has its own peculiar functional and technological characteristics, demanding a variety of technological skills and knowledge. Good management therefore needs a team of experts forming, with the chief executive officer, a joint management team. Apart from their peculiar skills and knowledge of the specific functional activities of their departments, every member of the management team should be a well-qualified public administrator as well.

### **Economy, efficiency and effectiveness**

Measuring the performance of any government institution is primarily concerned with the evaluation of the economy, and the efficiency and effectiveness of its activities. It aims to determine to what extent the public has received value for its money. It also aims at identifying ways in which greater value for money can be received. The value-for-money principle is concerned with three aspects, namely economy, efficiency and effectiveness. *Economy* is concerned with the conditions and circumstances under which a government procures its resources, such as personnel, stores and equipment. Efficiency deals with the relationships between goods and services rendered and the

resources used to supply them. *Efficiency* shows the maximum resources for any given quantity and quality of services rendered. Therefore, it is concerned with the economic utilisation of resources. *Effectiveness* is concerned with how well a government has realised its predetermined goals and objectives within a framework of certain standards of time, cost, quality, quantity and public acceptability.

### **Flexibility and management of change**

Countries are dynamic social, political and economic systems. They are in constant flux of change. This demands managerial flexibility. The most overpowering concern of government is survival, as nothing could be accomplished if it were not to survive. Governments must adapt or die. Survival is only possible when the government can adapt to the changes in the environment. Some examples of these dynamic factors are change in political representation, policy, new technologies and the ever-changing demands of the public and new or amended legislation. In this regard one must remember that legislation is a management tool that should be constantly reviewed for the sake of adapting to changing circumstances. A rigid legalistic approach where the law becomes an end in itself will not do. Obviously being able to change, innovate, create, alter, adapt or however one labels it, is vital to any form of life, and government organisations are no exception to the rule.

### **Sustainability and consistency**

The need for sustainability in government services and policies concerning government activities is imperative for good governance. Policies must be consistent. They must be compatible and in harmony with the legitimate needs of the people. They must be constantly based on the same principles of thought and action. They must also apply equally and consistently to every individual or group. Inconsistency creates public confusion and disharmony between government and the people.

### **Accountability, responsibility and transparency**

One of the principal cornerstones of democracy is that each political representative, and also each public administrator, is subject to public accountability. This means that each of them should give an account in public for his activities. It is generally accepted that public administrators should show a sense of responsibility when performing their official duties; in other words, their conduct should be above reproach so that they will be able to account for their acts in public. The obligation to act responsibly and without ulterior motives means that they should earn the reputation of being a moral elite. Public accountability also demands transparency in every activity of government. It also means access to information by any member of the public. In a real democracy there is no place for secrecy and confidentiality in dealing with government matters. Secrecy and confidentiality are a breeding ground for political and administrative corruption. The public has the right to be informed on any matters concerning their relations with the government.

### **SUMMARY**

When one thinks of the term “value” one tends to think of the economic or monetary

value of tangible things. The value of an object in a free marketplace is determined by demand and supply or, put another way, by desirability and scarcity. The economic value is the real value of tangible goods and things that can be calculated and measured in monetary terms. It represents the value of the physiological needs at the base of Maslow's needs hierarchy. However, there are the non-tangible things that cannot be counted and hence their value cannot be calculated and measured in monetary terms or in any other way. They represent the higher needs in Maslow's needs hierarchy: the social values, the values of self-esteem and self-actualisation. Values are a product of man's needs and desires in life – i.e. a product of man's mind. Values may differ between communities because different communities may have different needs, desires and ideas. These are the fundamental truths for professional public administrators to abide by in their daily conduct of government affairs. It is precisely for this reason that we should not only understand the common principles that should guide our behaviour as public administrators, but learn them by heart and make them the basis of our conduct.

The principles in which societies or governments believe may differ depending on the political ideology they support. However, there are certain common principles such as the principles of constitutional and administrative law, and political, social, economic and public management principles, forming fundamental truths or laws of reason and action that have stood the test of time and been accepted worldwide by civilised societies.

Among the constitutional principles one may cite the following: the rule of law, separation of constitutional powers, constitutional checks and balances, civil rights, equity, equality and inequality, civil liberties, civil obligations and civil obedience. All of these principles mean that the constitution must guarantee the natural, political, economic, and social rights of every individual. They also mean that the constitution should be the ultimate authority and not the government. The constitution confers powers on the different bodies created by the constitution. These bodies are the legislature, the executive and the judicial authorities. Only a genuine separation of the powers of these three bodies protects the liberties of people against the aggression of government. This principle of separation of powers demands 'checks and balances', since in practice the three branches of government are not completely isolated from one another. Constitutional checks and balances also concern the problem of people-in-society.

This question brings the principles of civil rights, civil liberties and civil obligations to the forefront. The liberal philosophy of the civil rights of the individual is based on two propositions. First, civil rights are ends in themselves, and their preservation is the main function of government and also the main reason for a government's existence. Second, civil rights are indispensable means for the creation and maintenance of a good quality of life by each individual for himself or herself. All liberal philosophers believe that any government that abridges the people's rights thereby violates the law of nature and loses all moral claims to obedience from citizens.

Many modern defenders of civil rights rest their defence upon the supreme value of the individual. This doctrine holds that all human beings, whatever their individual differences, are precious in the eyes of God, and each has immense potential for good.



The main purpose of government is to provide every individual with the most favourable environment for his or her spiritual growth – that is to create a good quality of life according to his or her own mental and physical abilities.

For the purpose of this study we distinguish between natural rights and positive rights. When government creates so-called second generation or positive rights, they do so at the expense of first generation natural rights. Emanating from civil rights are the principles of equity and equality. The equity problem is a moral one and part of an ethical concept. Positive rights do not comply with the principle of equity. The structural ways in which equity can be secured are abundant.

Equality is an ideal or principle, something people aim for or use as a point of reference by which they can guide their conduct. It plays an important role when there is an endeavour to reduce inequalities of wealth and to secure equality of opportunity, equality of voting power and equality of treatment before the courts. There is no such thing as natural equality. This natural inequality is the basis of class differences. This natural inequality among people has been generally accepted as an unalterable fact. In normal circumstances inequality of wealth is a result of natural inequality.

The doctrine of civil liberty is based on the assumption that every individual is born free and has the inalienable right to live his life as he wishes. The propositions on basic civil or human rights are supposed to guarantee political, economic and social liberty. Political liberty guarantees individuals full participation in the political process of the country. Economic liberty guarantees individuals full and free participation in economic activities anywhere in the country. Social liberty guarantees every individual the liberty to associate freely with other individuals of his choice.

Administrative law evolved from constitutional law; while constitutional law deals with the structure of government, administrative law deals with the functions of government. Administrative law is that part of public law that rules the organisation, authority and functions of the public administration. The general principles of administrative law that regulate the public administration concerns matters such as authority and power, the devolution of authority and autonomy and the delegation of functional and decision making authority. Authority refers to the mandatory and discretionary power to carry out the functions or services commonly undertaken by and between public sector organisations, and sanctioned by statute or the constitution. It is imperative to remember that no public institution can act without proper authority. Delegation of operational and decision making authority is the lubricant of an organisational structure.

Delegation may be defined as an act by which some higher authority transfers its power, bestowed upon such higher authority by law or any other authoritative means, to a subordinate. Authority is the legal right someone has to command someone else to do something; also how, where and when to do this. Power derives from authority. The responsibility is the task delegated, the work or duty a person or institution has been directed to do. Accountability means “carrying the can” and being ultimately held to account for the success or failure of the task. The alter-ego rule must also be considered. Literally translated, “alter ego” means nothing more than the “other I”. The alter ego acts in the name of the principal. This means that the delegee acts on behalf of the delegator and his actions are regarded as the actions of the delegator.

Another rule to remember is the *delegatus non potest delegare* rule. This basic rule means in simple language that a delegee may not delegate his delegated authority, functions and powers to someone else, unless the original authority (delegator) has allowed the delegee to do so.

There are four basic forms of delegation, namely – the mandate, the ministerium, deconcentration and decentralisation. The mandate or command is the simplest form of delegation. In such a case the higher authority (delegator) decides and request or orders a subordinate person or institution (delegee) to execute the decision in a practical manner. A ministerium is an action taken by an official acting within the framework of prescribed rules and procedures according to a narrowly defined task. Another form of delegation emerges from the deconcentration of activities or work, and normally takes place within an organisation with a specific hierarchy of authority. The next form of delegation derives from the decentralisation of functions and activities. In the case of decentralisation certain authority and powers are assigned to an independent institution executing the authority and powers completely in its own name. The most basic rule to remember is that all delegations must have a statutory origin otherwise they would be illegal.

The only system that has proved to be successful for economic growth and the creation of wealth for all is what is called the social-market economic system. Economic freedom is the corollary of political freedom. No person can be politically free without also participating freely in the economic activities of a country. A basic requirement for economic freedom of the individual is private ownership of property, including the ownership of other production factors such as capital and personal labour. Private ownership of property without freedom in the private production processes of the economy does not constitute economic freedom. Economic freedom and ownership of private property demand the privatisation of some government activities. Unnecessary licensing should not be allowed and all business activities should be deregulated.

The international economic system, functioning through the World Trade Organisation, strives for a globally open and free-trade economic system. Institutions like the International Monetary Fund and the World Bank put pressure on countries for free-trade policies. Only countries with a labour force with a positive work ethic will be able to compete in a global free-trade economy.

Political activities denote the interaction between government and its administration, on the one hand, and the public, on the other hand. Public needs can best be articulated in a democratic political system. It needs an open-system approach with direct and indirect representative political participation to bring government and its administration as close to the people as possible. Direct participation means the political empowerment of all citizens in such a manner as to allow them to articulate their will and their needs directly to political representatives and public administrators. The essential principle of representative democracy is the responsibility and accountability of elected politicians towards the public, rather than direct participation of all citizens in the policy-making and decision making processes. To comply with democratic principles one needs an open government system. This means a system that is in constant harmony and equilibrium with its environment. The recognition of

the principles of global politics is imperative for good governance. Political leaders must be careful not to identify with discredited economic and political systems and leaders – this may have detrimental international political and economic effects for such countries.

Social principles play an important part in securing good governance. In an ethnically diverse society non-racialism is imperative for creating a culture of belonging together and for the formidable challenge of nation building. Good governance demands a strong national ethos and solidarity among the people of a country. Nationalism binds people of ethnic diversity together with a common loyalty to one state. An all-inclusive political system is the corollary of non-racialism and non-sexism. A proud community is an imperative for good governance. Personal civic pride is a prerequisite for a proud community. This can only be realised by creating individual dignity. Civic pride and personal dignity are one side of the coin. The other side of the coin is civic responsibility.

The basic principle of government in a liberal democracy, however, is optimum service delivery at optimum cost for realising its ultimate goal of creating a good quality of life for every individual citizen. This basic principle of service delivery at cost demands special skills in implementing public management theories and practices based on sound public management principles and not on the principles of business management. Attempts should be made to improve government institutions and to minimise the negative and dysfunctional consequences of their actions for the benefit of the public. Organisational development is such an attempt. In order to develop an organisational structure in a democracy, an open-systems approach is imperative. The corollary of an open-systems approach is a value-oriented approach in public management. The responsiveness of public institutions to individual problems, needs and values, as well as to those of specific groups, should be increased and secured. Members of the public must be free in their choice of public services.

Programme effectiveness in an open-system approach means the execution of a programme in such a way as to satisfy the legitimate values and needs of the individual and the community efficiently and effectively. The social equity problem is one of making government administration responsive to the needs of the individual and this requires rising above the rules and routines of public administration (red-tape) to showing respect for and acknowledging the dignity of the individual.

One chief executive officer can never manage the affairs of one large government department on his own. Good management therefore needs a team of experts which, with the chief executive officer, forms a joint management team. Measuring the performance of any government institution is primarily concerned with the evaluation of the economy, and the efficiency and effectiveness of its activities. Countries are dynamic social, political and economic systems. They are in constant flux of change. This demands managerial flexibility.

The need for sustainability in government services and policies concerning government activities is imperative for good governance. Policies must be consistent. They must be compatible and in harmony with the legitimate needs of the people. One of the principal cornerstones of democracy is that each political representative, and also each public administrator, is subject to public accountability.

## POSSIBLE EXAMINATION QUESTIONS

1. Explain the constitutional principles serving as common public values (45 minutes)

### Points to be discussed:

- Constitutionalism and its anti-value;
  - The rule of law as the basic principle of liberal democracy;
  - The separation of constitutional powers;
  - Constitutional checks and balances;
  - Civil rights as ends and as means;
  - The human source of values;
  - The primacy of the individual;
  - The best test of truth.
2. Explain individual human rights as basic principles based on common public values (45 minutes)

### Points to be discussed:

- Natural versus positive human rights;
  - Rights and obligations;
  - Equity;
  - Equality and inequality;
  - Natural inequality;
  - Moral or political inequality;
  - Civil liberties;
  - Civil obligations and civil obedience.
3. Explain the principles of administrative law as common public values (45 minutes)

### Points to be discussed:

- The function of administrative law;
  - The meaning and difference between authority and power;
  - Devolution of authority and autonomy;
  - Delegation of functional and decision making authority;
  - The purpose of delegation;
  - The need for delegation.
4. Explain the meaning, rules and types of delegation as part of administrative law (45 minutes)

### Points to be discussed:

- Definition of delegation;
- Rules of delegation;
- The alter-ego rule;
- The rule “delegatus non potest delegare”;
- Types of delegation;
- The mandate or command;
- The ministerium;

- Deconcentration;
- Decentralisation.

5. Explain the economic principles as common public values (40 minutes)

**Points to be discussed:**

- Social-market economic system;
- Economic freedom;
- Free production process;
- Privatisation, deregulation and small business;
- Less licensing;
- International economics.

6. Explain the political principles as common public values (40 minutes)

**Points to be discussed:**

- Direct participation and the will of the people;
- Participation through representation;
- Responsibility and accountability of political representatives;
- Government close to the people;
- The open-system approach;
- Global politics.

7. Explain the social principles serving as common public values (30 minutes)

**Points to be discussed:**

- Non-racialism and non-sexism;
- Nationalism and solidarity;
- Inclusiveness;
- Civic pride, civic responsibility, and civic obedience.

8. Explain the public management principles as guidelines for public administrators (60 minutes)

**Points to be discussed:**

- Organisational development;
- The open-system approach;
- Value-oriented public administration;
- Responsiveness;
- Public participation in decision making;
- Free choice of public services;
- Responsibility for programme effectiveness;
- Social equity;
- Corporate management;
- Economy, efficiency, and effectiveness;
- Flexibility and management of change;
- Sustainability and consistency;
- Accountability, responsibility and transparency.

# CHAPTER FOUR

## GOVERNMENT ORGANISATIONS

### STUDY GOAL

The purpose of studying this chapter is for the student to understand how government is organised to comply with all the collective needs and common values of the public.

### LEARNING OBJECTIVES

After studying this chapter, the student should be able to explain the following concepts in his or her own words:

- The judicial authority and the law;
- The legislature, its composition, and functions;
- The executive authority: types, and functions;
- The public administration: types, and functions;
- Parastatals, their creation, classification, and functions.

### INTRODUCTION

Government organisations emanate from the needs and common values of the public. They are supposed to be organised for the purpose of satisfying these needs according to the common values of the public. This chapter is an introduction to the organisation of government institutions. It deals with the macro organisation of government institutions. Macro organisation refers to the systematic whole of all government institutions and their supporting political philosophies in a particular country. The term “macro” (derived from the Greek language) refers to the main and most important government structures, their mutual relationships and the underlying philosophies found within a government system. The chapter explains and evaluates the general types of organisational structures and their underlying political philosophies.

A theoretical knowledge of the macro organisation of government and its fundamental philosophies is basic to the study of public administration. The whole government system is the structure within which public administration takes place. It is the 'engine room' of all government activities. Students of public administration, therefore, must have a sound knowledge of how government institutions should be organised before embarking upon the study of public management theories. Public management theories represent the fuel and lubricant for government institutions to operate efficiently and effectively. It would be foolish to first supply the fuel and lubricant with no knowledge of how the engine runs. One must therefore first acquire a sound knowledge of the engine and then apply the fuel and lubricant to run it efficiently and effectively.

The macro organisation of most civilised countries consists of a judicial authority, a legislature, an executive authority and the administration, and sometimes parastatals. These institutions are expected to respect, act according to,

and adhere to the common values and principles of society. These principles must form the basis of the institutions' functions and activities. One basic principle is paramount to all of them, i.e. they must realise that they are all supposed to serve the individual in society and respect the values and satisfy the needs common to all individuals. In this chapter the roles of the judicial branch, the legislature as paramount lawmaker and the executive authority as paramount executor of the laws made by the legislature will be explained.

### **THE JUDICIAL AUTHORITY<sup>87</sup>**

The judicial branch of government is that extension of government that consists of a corpus of "law" which is derived from many sources. Executors of justice such as judges and magistrates and the courts of law are instituted to see that justice is done. This part explains how justice should be done. One aspect is the "how" of the judicial processes and another is the legality of action by citizens in their relationship with one another and with the state. Such legality may concern criminal and other action against the community or complaints between individuals where there is disagreement on their individual rights. This part will therefore explain the following aspects of jurisprudence:

- The origin and the nature of "justice";
- Various approaches to the application of the law;
- The functions and the nature of the judiciary.

### **The origin and nature of justice**

Many philosophers and political scientists, and those versed in the law over the years had differences of opinion regarding the origins and nature of justice. Two basic positions can be described as the "naturalistic" approach and the "positivistic" approach.

#### ***The naturalistic approach***

The questions surrounding the naturalistic approach to justice are mostly of a metaphysical nature. In other words, they can be traced to the domain of philosophy and theology or the "theory of being and knowing". This overlapping of the worlds of law and metaphysics has led to the belief that justice can be extracted through philosophy and religion, which could produce rules of conduct in general. These rules of conduct known today as natural law (or moral or divine justice) can be traced as far back as the Greek, Roman and Stoic philosophers, particularly Zeno and Cicero, who argued that there was a universal law of nature. These ideas were promoted by Thomas Aquinas, and later by John Locke, making them an important part of the Western political tradition. This universal law of nature is experienced, deduced through the power of rational reasoning, and discloses what is "right", natural and moral. This approach provides man with a framework from which many principles of justice can be deduced to guide him in his rule making.

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87 Gildenhuis Hans et al., 1991, Public Macro Organisation, Cape Town Juta & Company Ltd, p. 55. et seq.; also Gildenhuis JSH & A Knipe 2000, The Organisation of Government: An introduction, Pretoria. Van Schaik, p. 178 et seq.

### ***The positivistic approach***

Those who argue for “positive” law or the law and justice created by man have not totally denied the basic religious or normative values of their societies, but rather the mechanism through which such rules are discovered. The proponents of this approach argue that laws should be clearly written on *tabula rasa*, i.e. they must be promulgated in so-called law codes. The actions of those who are sanctioned to apply these laws should be clearly prescribed.

The nineteenth-century English philosophers Jeremy Bentham and John Austin advocated the positivistic approach to justice. They wished to extricate the concept of justice from intangible and esoteric considerations and create a concrete and meaningful corpus of principles laid down by the legal representatives or legislature of the nation. In Austin's words, “Law is the command of the sovereign”.<sup>88</sup> Such laws, although in accord with a society's moral and religious principles, are not interpreted as having the authority of the absolute truth.

In recent years the positivistic view has been dominant, despite the existence of natural law and its great appeal in the past. This appeal was largely used to support the authority of autocrats based on the doctrine of the “*divine rights of kings*” or the “*power of the sword*”. Rulers sometimes used it to support outrageous abuses of power. Natural law was also instrumental in breaking down such abuses via the application of principles such as “*natural justice*” in order to formulate “*positive law*”.

Today, however, it is accepted that positive law has its own flaws, because it may contain unjust, immoral and unethical rules, depending on whose values are reflected in such rules. Therefore, it can be said that natural law is important in the purification of “justice” but that positive law is a far more advanced and concrete corpus of rules that can be applied in the practice of justice.

## **THE LAW**

### **Sources of law**

Various sources of the law exist and can be classified today according to the types of law that are produced. The following tabulation indicates the two main sources and primary and secondary types of law.

<u>Source</u>	<u>Primary types</u>	<u>Secondary type</u>
Informal	Natural Law Common Law	International Law
Formal	Roman Dutch Law Codified Law	Domestic Law

### ***Informal sources of law***

The informal sources of law include the following:

- *Ethical and moral values* in a society forming the basis of the decisions made by the legislature, the executive and the judiciary that shape the law in society. In most

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88 Quoted in Gildenhuys J.S.H., 2000, *The Organisation of Government*, Pretoria, Van Schaik, p 180



cases the norms and ethical rules of conduct are extracted from metaphysical sources, such as natural law, the expression of the divine will of God, rational reasoning and Christian, Judaic, Islamic and other ethics. Moral and ethical values are seen as idealistic sources, which govern the way in which law is designed.

- *Customs or habits* are often sources of justice, which are embodied in positive law. When customs or habits become part of positive law they are often referred to as “customary law“, which is an important part of the corpus of law of any country, and is continually expanded and changed as customs and habits change. It is an important principle in judicial practice to incorporate the habits and customs of a particular nature into the law. Rules that contradict such customs or habits are often negated in such communities. It is often difficult to assess the status of such a custom when it is applied as a judicial rule, due to the unwritten nature of most conventions. The only empirical test for the acceptance of customs or habits is whether the decision making organs of the government accept them. One of the test cases in South African judicial history that applied the rule that “custom can override statute” is the case of *Rex V Detody*, 1926, AD 198. In this case a higher court overruled the decision of a magistrate's court, because of the disuse of a particular statute and reverted to the existing custom. Consequently, a statute that has not been put into use never obtains the force of law.
- *The needs and aspirations of groups* in a society also constitute an important source of the law. In every society there are competing individual or group needs which have to be accommodated in legislation. Legal rules are usually designed to reconcile these needs within the state and between states.
- *The writings of jurists* over the years have served as a valuable source of information for legislators and judges, especially in the field of legal rules that are used in the interpretation of statutes.<sup>89</sup>

### ***Formal sources of law***

Statutory legislation is probably the largest and fastest growing of all sources of law. Such legislation may be representative of a federal or unitary parliament, a provincial council or a local government. At the central or highest level of government, the criterion is whether the constitution provides such a body with the legal authority to pass a particular type of legislation. At “lower” levels of government the criterion is whether the constitution provides them with the authority or the delegated authority to design legislation within the limits of their legal jurisdiction. The legislation produced by central government bodies is usually referred to as acts of parliament, and at the lower levels, such as regional or provincial authorities, they are referred to as ordinances and, in general, at local government level, as bylaws promulgated by the elected representatives of the people.

### ***Constitutions***

Constitutions are special forms of law, commonly known as the first law or the basic law of a country. The desirability of having a basic law governing the activities of

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89 Several authoritative writers such as Hugo de Groot (Grotius) (1583-1645), Jean Bodin (1530-1596), Voet, Bracton, Blackstone, Dicey, John Chipman Gray and Dugard are recognised.

legislators, executives and the judiciary, gave rise to what we today know as a constitution. A constitution, therefore, is a basic norm or framework which prescribes the authority of the various state organs and is the only law which in most cases cannot be changed by a mere majority vote, but requires a two-thirds or other stipulated majority in all the houses of a legislature.

### *Statutes*

Statutes are written laws or acts legislated or enacted by the legislature in terms of its constitutional authority to make laws. Such statutes are sometimes referred to as *positive law* to distinguish them from *natural* or *common law*. It is imperative to understand that the legislature can only make laws on matters authorised by the constitution. One must never forget that the constitution is the supreme and ultimate law of a country, prescribing the authority of the legislature. If a law does not comply with the provisions of the constitution then the legislature has acted outside its authority. It is then said that the legislature's action was *ultra vires*, i.e. outside its authority and the specific law/act is *nil and void ab initio*, i.e. invalid (unconstitutional) right from the beginning.

### *Regulations and proclamations*

Regulations and proclamations are the legal extensions of statutes or basic legislation needed in a complex society with many varied functions. The legislature in most cases only provides the broad framework of basic legislation. The task of supplementing the legislation with detailed regulations and decrees is usually delegated to the executive or officials. In some countries this type of rule making is referred to as administrative policy or subordinate legislation, which has proliferated to such an extent that it exceeds the basic legislation in volume.

### *Judicial precedents*

Judicial precedents or “judge-made laws” are forms of the law created by the verdict or judgement of judges in the settling of legal disputes. This is based on the belief that “Judges do and must legislate”. Judges took it upon themselves to declare what was just and took note of one another's decisions, and treated them as precedents in the settling of disputes of a similar nature where the statute left room for such judgement. This kind of law today is known as case law or common law. Common law has the advantage and disadvantage of flexibility, which means that it is only as fixed as the judges want it to be. No party can be assured that the judge will rule in favour of the set precedent or *stare decisis et nonquieten movere* (let the previous decision stand).

### *Treaties and accords*

Treaties or accords between communities or states have legal status when they are formally concluded and announced. Heads of state or their ministries of foreign affairs negotiate general treaties or accords. In many countries, for instance in the USA, it is mandatory that the legislature ratifies all treaties or accords.

### *Codification*

Codification or codified laws have been set down in writing, in conjunction with other laws. Edicts, treaties, decrees, legislative enactments and judicial precedents are among the forms of law that may be codified. Famous codifications of the law are those of Justinian, a legal system developed by the Romans from the time of their first codification of law, known as *The Law of the Twelve Tables*, in 450 BCE to the death of Justinian I, ruler of the Byzantine Empire in AD 565. Specifically, the term designates the codification of law known as the *Corpus Juris Civilis*, also called the *Justinian Code*, made under the auspices of Justinian, which forms the basis of the civil law of many continental European countries,<sup>90</sup> and the Code Napoleon (1804). Justinianus codified the Roman law that today serves as a basis of many judicial systems. The Code Napoleon<sup>91</sup>, which is a revised version of the Justinian code, still forms the basis of judicial systems in, for instance, France, Belgium, Italy, Portugal, Spain, Germany, Latin America, the Netherlands and Turkey.

### **Types of law**

The various cultures that blend their approach to justice have given rise to different types of law, which can be distinguished today. Various approaches may be used to classify the various types of law that exists. This makes a complete and satisfactory classification very difficult. One approach to the classification of law would be to look at the various types of statutory legal systems. There are four such types:

- Constitutional law, which deals *inter alia* with the macro organisation of government;
- Administrative law, which deals with the rules and decisions of public administrative organs;
- Mercantile law, which deals with commercial trade matters and practices;
- Maritime law, which has to do with shipping and all marine-related and water-borne commerce and conservation matters.

Constitutional and administrative law, combined, are sometimes referred to as public law.

### ***Civil and criminal law***

Another form of classification can be made in terms of the acts of parties in a lawsuit. For instance, if someone has to be punished for an act against society or against another person, then the appropriate criminal law must be applied. If there is an unlawful impeachment or deprivation of rights, where some form of restoration or retribution must be made, then the judge must turn to civil law. Civil law covers cases such as inheritance, divorce, child custody and contracts, whereas criminal law covers acts such as murder, rape, arson, theft and terrorism.

### ***Domestic and international law***

Another classification could be made based on the territorial nature of the law. Here a basic distinction can be made between domestic law and international law. First,

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90 “Roman Law”, Microsoft Encarta ® Encyclopaedia 2001.

91 “Code Napoleon”, Microsoft Encarta ® Encyclopaedia 2001.

domestic law is the corpus of the law applied within the territory of a country, as opposed to international law, which applies to the relationship between countries or the governments of particular countries. Within the realm of domestic law, one would be able to make another distinction. Domestic law can be classified as acts or national legislation, provincial ordinances and municipal bylaws or local government regulations.

This classification by no means exhausts the various possibilities of classification that can be made, but merely serves as examples of the types that exist and the complexity of the law that one has to deal with in normal daily existence.

### **Approaches to the application of law**

Various approaches to creating and applying the law have developed in different countries over the years. Every country has its own way of settling the disputes between parties or punishing crimes against society, and has developed distinctive patterns of applying justice; these are today referred to as legal cultures.

#### ***Roman-Germanic legal culture***

The approach that is most widely adopted is the legal culture of Roman-Germanic or Roman-Dutch Law, which refers to societies in which judicial decisions are based on codes of law extracted from the Roman era. This practice is applied in most European countries, Latin America and in West and Central African nations previously under French control, and to some extent the Canadian province of Quebec and the American state of Louisiana, which still have strong links with the French and thus the Code Napoleon. The basis of Roman-Germanic legal culture is the codified law and very little attention is given to precedents. This heavy reliance on codified law has advantages as well as disadvantages. The advantages are that codified law makes it much easier to make a decision, but in the end it is much harder to adapt to change in society.

#### ***Common law legal culture***

The common law legal culture developed from the realisation that strict adherence to codified law has become difficult and so judges are given broad powers of interpretation. These decisions then become part of the law to be used by other judges and magistrates. The practice of common law is based on the habits and customs of the people. The common law legal culture has spread throughout the British Empire and in the United States of America, and is still very dominant in the Commonwealth countries and some former British colonies.

#### ***Natural law legal culture***

The natural law legal culture is a system that is based upon the precepts of religious and philosophical thought. *Confucianism*, recently replaced by modern codes, is probably one of the best examples of a natural law legal culture that was practised in China and Japan in particular. Confucianism is based on an elaborate set of responsibilities, attitudes, codes of ethics and rights in strict accordance with the ideal order of nature and the “Will of Heaven”. Confucianism supplies directives and taboos for each person's life in strict accordance with his birth, sex, family status and profession or guild membership. Legal rules might exist in this legal culture, but they

only serve as a method to control temporary disorder. In India some villages still continue to abide by the Hindu law, which is determined by divine forces rather than by man. Similarly, traditional African law still controls the lives of many of the natives on the African continent, with intrusions of modern legal culture in some states. Intrusions of natural law in contemporary legal systems can be seen in Muslim nations, where Islamic law still determines many disputes and actions. Even in branches of Islamic law that have been Westernised, such as contract law, Muslim codes often demand that judges turn to the Hadith and Qu'ran to settle disputes in difficult cases.

### ***Socialist legal culture***

A socialist legal culture can also be distinguished as the attempt to establish an elaborate code of law to embody the principles of a socialist legal order. Such an attempt was made after the Russian Revolution of 1917 when the law of the Tsar was forbidden. For a while the Soviets tried to settle disputes with no law, believing the principles of socialism would be sufficient to ensure justice. This practice did not suffice and a legal code was designed with many similarities to the Roman-Germanic legal culture. However, the fact that it dealt with different socio-economic conditions in which all the means of production are under state control and kept subordinate to the political ideal was made explicit. In most of the socialist legal cultures this latter proposition controls the development of any code of law, such as in Poland, Hungary or Czechoslovakia, where codes were introduced to supplant or supplement existing laws.

## **THE JUDICIARY**

The composition of the judiciary differs from one country to another. To describe the organisation of the judicial branch of every country would be a laborious task. However, it is important to consider how the bench is composed, in what particular way credible judges are chosen and how the continuation of a just and fair system is ensured. A second consideration is the functions of the judiciary in maintaining a system of justice, and a third consideration is judicial independence.

### **Appointment and dismissal of judges**

The idea of a judiciary is complementary to the fact that judges make the final decision on government and political matters, and they therefore have to enjoy the respect of society and similarly be seen to have respect for the law and standards of justice. Appointing judges must be a practice concomitant with a high regard for neutrality, impartiality, experience, respect and dignity. The two most practised methods that are followed in the appointment of judges are nomination and election.

### ***Nomination of judges***

The method of nomination is far more common in most countries than election. The executive head or head of state usually nominates judges to be appointed. The nomination is subject to the advice of the cabinet or immediate advisers, or subject to the approval of a body particularly appointed for the purpose of nomination, or subject to the approval of the houses of parliament. It is common practice in, for instance,

Ireland, Canada and New Zealand to nominate judges for appointment by the head of state. In South Africa, the State President on the advice of the Judicial Service Commission appoints judges. In the USA the appointments of nominees are subject to the approval of the senate. In Belgium the king appoints judges from a list compiled by the senate and Supreme Court, and in Japan the Supreme Court compiles the list. In France the judges are appointed on the nomination of judges by the High Council of the Judiciary consisting of the president, the Minister of Justice, two presidential nominees and six representatives of the judiciary chosen by the National Council.

### *Election of judges*

The legislative council or judges can elect judges or they can be elected by popular vote. Election of judges by the legislature is done in, for instance, Russia and in Switzerland. Supreme Court judges in some countries, such as in Finland and Mexico, appoint the judges of lower courts. The popular election of judges is a common phenomenon in some states of the USA; however, the judges of the Supreme Court do not fall within this category.

The method of appointment of judges is mostly a result of tradition or historical development, or the belief that a certain method is more effective in installing the most competent judges. Otherwise the motive simply revolves around the principle of freeing the judicial branch from the influence and domination of the legislature and the executive. Of all the methods the “popular vote” approach seems to carry the least merit because it could lead to:

- the use of party political considerations rather than competence in the appointment of judges;
- judges being compromised by party political considerations in the execution of their duties; and,
- judges being oversensitive to public opinion in their actions to ensure re-election.

The election of judges by legislators can also cause friction and political manoeuvres or trade-offs, whereas the method of appointment by the executive head or head of state is generally accepted as the most effective method. Regardless of all these methods, it is desirable that competence and experience, blended with a career of proven integrity, play an overall role in the appointment of judges.

It is good practice to have a system that entails competitive examinations and a period of serving in various judicial roles to ensure the acquisition of a wealth of experience before nomination for appointment as a judge. The appointment of judges can be made on a career basis, beginning at the lower-court level, followed by promotions to higher courts and eventually supreme courts.

Judges are usually appointed on a lifetime basis or until a specific retirement age. The practice seems to be to appoint judges for fixed periods ranging from two to twenty years. The practice of appointing judges for short periods to ensure that undesirable judges may be dismissed quickly can become counterproductive in that judges may see their period of appointment merely as temporary and as a transition to another appointment. Judges are usually well remunerated to secure their irreproachable behaviour and integrity at all times. It remains important that judges should not

be subject to arbitrary dismissal, especially by politicians. Therefore this guarantee has been written into most modern constitutions to protect judges from being used as political instruments or for personal or other objectives outside of the judicial process.

The constitution must, however, allow for dismissal in the case of impeachment of jurists following unethical behaviour or the findings of an inquest against a judge. There are various methods of dismissal. One method entails an inquest by a house in parliament as in the USA, another involves the legislature requesting by means of a petition (or majority vote) that the head of state take the necessary steps to dismiss a judge. A judge can also be found guilty of an offence by the very court that he served. The general practice in such a case would be that higher courts judge the judges of lower courts. Finally, judges can be dismissed by means of a popular vote. In some states of the USA and in Russia the latter practice is followed.

### **Functions of the judiciary**

The judicial function is dependent on the legislature initiating legislation and on the executive enforcing the decisions emanating from such legislation. Another view is that the judicial authority is normally “passive” in the sense that it seldom initiates activities, but waits upon the cases brought before it for adjudication.

### ***Applying the law***

A basic function of the judiciary in individual cases is to apply the law when individuals or groups have acted beyond the bounds of law and are prosecuted. Another function in terms of individuals comes into play when there is a dispute between natural or legal persons concerning the rights of either person and a solution is sought from a court bench. When there is a dispute regarding the intention or the legality of enactment of the legislature in a particular act or legal rule, the court applies a definite procedure. The court determines the facts of a particular situation, and in the case of disputes regarding the facts, investigates the claims of contesting parties. Furthermore, the court can determine the facts regarding the conditions under which a dispute exists on the grounds of interpretation of a particular act or file. The court then applies the precedents, general judicial rules or rules of interpretation to the case at hand. Various common law rules of interpretation of statutes are a common practice when applying legislation to a particular case. The court then applies the particular rules of the statute to the case at hand and gives a judgement that may vary according to the nature of the dispute. In a criminal case the court will pass sentence on the guilty party. In the case of a separation or deprivation of rights, the court will restore the right or order indemnification. Finally, the court will create a precedent in the case of indistinct or inexplicit legislation to serve as a basis on which future cases of disputes can be solved. It is through performing this latter function that the court becomes a “legislator” in person.

### ***Revision of legislation***

The court may also be requested to revise legislation, though this may be a very controversial aspect. In most unitary states the courts are not supreme in the sense that they may not declare invalid legislation that is tested against the basic principles or laws

that prescribe the bounds within which legislators may operate. In most cases the basic law or the constitution of a country prescribes the bounds and the basic human rights to which legislators have to adhere. In Britain, however, a *Bill of Rights* was introduced as early as 1688, following the principle of *rule of law* and the *Habeas Corpus Act* and followed by the *Act of Settlement* in 1701, which were basic laws securing the rights of individuals, and protecting the courts against monarchical intervention.

In many states, of which the USA and South Africa are probably the best examples, courts do possess supreme status, based on the provisions of the constitution. Legislation made by the legislature is subject to scrutiny by the Supreme Court or Constitutional Court and may be declared illegal if in conflict with the stipulations of the constitution. The judicial authority thus acts as an interpreter and preserver of the constitution. Courts do not possess revision authority in all federal states. In Australia and Switzerland, both examples of federal states, courts do not possess this authority, but do, as in most unitary states, possess the authority to test the validity of legislation against the prescribed procedures of enactment, usually referred to as “procedural revision”.

### ***Commissions of inquiry***

One of the most important functions of the judiciary in modern democratic states is the appointment of judges to investigate policy matters or the causes or consequences of certain phenomena or public issues. Judges are generally appointed to commissions of enquiry regarding matters that require objective and unbiased investigation. Examples of such matters could vary from environmental issues to the investigation of a major accident, disaster or public corruption. It is general practice to appoint retired judges to such commissions, which allows still able and skilled persons to make valuable contributions to such investigations. These commissions often require the services of full-time functionaries and the availability of retired judges is a convenient and effective method of utilising the experience of such persons and at the same time saving manpower. These judges are given full power of adjudication on appointment.

### **Independence of the judiciary**

The independence of the judiciary according to Montesquieu's *trias politica* philosophy has been introduced in most democratic states. This has been done to protect the judiciary from arbitrary control or from the danger of being merged with the legislators as in authoritarian systems such as Saudi Arabia or Iran, where the rulers control the life and liberty of subjects.

Judicial independence means that either the legislature or the executive branch protects the judiciary from interference. This protection is usually provided by the constitution. There are two major arguments for the independence of the judiciary. First, if judges can be dismissed from office for unpopular decisions, they will try to please their masters, or those who have the power of removal, rather than trying to determine what is just under the law. Second, if a judge's decisions can be ignored or set aside or overruled, the judicial process becomes a farce and no respect for justice and the rule of law, or, for that matter, government will prevail.



Similarly, total independence can be disadvantageous, even in democratic government systems. The fact that judges are mostly appointed and not elected places a question mark on the direct accountability of these functionaries; they may ignore the will of the people in their interpretation and application of the law to favour those objectives of the office-bearers who appointed them. Another argument against total judicial independence is that judges are human and therefore fallible. The mere fact that judges are often appointed for life tenure is an unhealthy state of affairs and their term of office should be reduced or circumscribed to provide for dismissal in the case of undesirable behaviour.

In maintaining judicial independence, it is important that an unbiased body of individuals should appoint judges. It is also important that tenure is secured for a long term, but that dismissal is made possible through a proper and unbiased procedure or hearing. The career or future of judges should normally be considered as being permanent and they should enjoy full independence under the constitution. Remuneration of judges should be of such a nature that they would continue to enjoy a high standard of living and not be swayed by economic considerations or offers of financial or other rewards for “judicial favours”.

Furthermore, the judiciary must have the necessary authority to secure its function and be certain that the decisions of the court will be enforced. This includes the power to bring about order in court proceedings, to issue summonses that can order a witness or any person to appear in court for any reasonable purpose that the court may deem necessary, or to punish any form of contempt of court. Other forms of authority may include the power to order the investigation of any case, to produce relevant information and to order any person to produce any form of information the court may deem necessary. Finally, the court must possess the power to issue court orders regarding any case regarding the defendant, plaintiff or settling of a matter or dispute.

## **THE LEGISLATURE<sup>92</sup>**

In the modern democratic state a national legislature, elected by and responsible to the people, is an indispensable part of the government machinery. Even in those countries that make extensive use of the popular initiative<sup>93</sup> and referendum<sup>94</sup>, there is no thought of abolishing the legislature. The popular initiative and referendum as popular checks upon the legislature serve to control, but not to preclude, the exercise of discretion by the people's elected representatives.

In the macro organisational context the legislature is perhaps the most significant institution. The legislature takes the final decision on matters of government. The legislature decides what shall be done, how it shall be done, when it shall be done, who shall do it and by what means it shall be financed. In short, the legislature is the highest decision making and policy-making institution in a democratic state.

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92 Gildenhuys J.S.H. et al., op cit., p. 25 et seq.; also Gildenhuys J.S.H. & A. Knipe, op cit., p. 135 et seq.

93 The initiative enables voters to initiate a law or a constitutional amendment directly without any action in the legislature.

94 The referendum permits the voters to approve or disapprove a law or constitutional amendment proposed by the legislature or a constitutional convention.

## **Structure of the legislature**

The legislature is the body that has the power to make or to change the laws of a country. The legislatures of democracies are usually representative institutions. Representation means that a person or a group of persons may act on behalf of a larger group of persons, and may take decisions binding upon this larger group of persons. In a democracy representatives are usually elected through a system of general franchise, but in less democratic systems a higher authority may also nominate some of these representatives. The legislative assembly at the central government level is usually referred to as the parliament. Some of these legislatures consist of one or two so-called 'chambers', establishing what is called bicameral and unicameral systems.

### ***The bicameral system***

Approximately two-thirds of all modern democratic nations have bicameral (two-house) legislatures and one third have unicameral (one-house) legislatures. Although there are several variations of the structure of the bicameral legislatures, most are organised in substantially similar fashion. One of the houses, generally called the "lower house", has the larger membership, shorter terms of office and is elected by the widest franchise. Originally the development of parliamentary bodies, consisting of two or even three chambers, reflected the stratified societies of that period. The survival of bicameral systems after the establishment of democracy is due partly to tradition and imitation and to other factors.

Historically there were two main reasons for the establishment of two houses. First, where a national state was formed out of states, provinces or cantons that were previously sovereign and independent, a bicameral parliament was adopted. The bicameral system was adopted as a means of representing state or local interests in the upper house and the national interest in the lower house, and as a way of achieving balance and harmony between these interests. Perhaps even more important in both federal and unitary systems has been the desire to provide internal checks and balances on the legislative process. The lower house has been presumed to be closely in tune with popular interests and passions and has therefore been regarded as dangerous to national stability and economic welfare. Many nations have accordingly at one time or another established higher property and age qualifications for those who elect members of the upper houses than for those who elect members of the lower houses. A few nations retained these special franchise requirements.

The bicameral system is defended on several grounds. It is maintained that it:

- is essential to a federal system;
- insures thorough and careful consideration of legislation; and
- prevents the undue concentration of political power in a single body that might, if left unchecked, become arbitrary and despotic, thus threatening the liberties of individuals and minority groups.

It is further contended that a single all-powerful legislative chamber can too readily dominate the executive branch and thereby nullify the practical application of the

separation of powers widely regarded as essential to the proper working of democratic government.

Proponents of the bicameral system argue that the duplication of debate and the possible delays which may be imposed by the upper house on legislation emanating from the lower house, which are inherent to the system, do not in fact frustrate democratic government. On the contrary, it prevents hastily conceived and possibly ill-considered legislation from reaching the statute book in its original form. The upper house also acts as a counterbalance to the political passions and corruption that may at times overwhelm a democratically elected assembly.

In most countries with a bicameral legislature, the lower popularly elected house is the more powerful one. It can overrule in case of conflict the decisions of the upper house, although it is possible for the upper house to impose a certain amount of delay on the implementation of the decisions of the lower house. In some countries the two houses are theoretically equal, although it is usually accepted that the popularly elected house has overriding powers in matters of taxation and other financial issues.

### ***The unicameral system***

Proponents of the unicameral system point out that in a democracy a truly representative popularly elected legislative body should not be subjected to checks and delays interposed by an upper chamber elected or appointed on an undemocratic basis. Moreover, as the complex problems of the industrial and post-industrial age placed heavy burdens upon government, the two-house legislature showed marked defects. Deadlocks frequently occurred between the two houses, especially where the upper chamber was avowedly aristocratic or conservative in composition. The division of legislative responsibility encouraged each house to blame the other for failures and delays. Where the cabinet had been made responsible to both chambers, as was the case in the Third Republic of France, the situation contributed to the weakness of the entire government system. This tended to refute the claim that the bicameral system provided a greater guarantee of balance and harmony.

In the past few decades a number of democratic nations have abandoned bicameralism formally or informally. They did so mainly because bicameralism is a barrier to the full realisation of democracy, as it does not locate full government power in the representatives of the popular majorities. A few countries, like Denmark and New Zealand, have abolished their upper houses. Many more have reduced their powers so drastically that they are now little more than advisory bodies. In these cases the lower houses have for all practical purposes become unicameral legislatures. This happened in Britain where the Parliament Act of 1911 stripped the House of Lords of all but a few delaying powers and an act of 1949 reduced these powers still further. Accordingly, the House of Lords is today merely an advisory and delaying body with little or no formal legislative powers. Parliament (the Lower House) in Britain has become a unicameral legislature in practice. The same happened to a greater or lesser degree in most other unitary democracies, for instance, in France and Ireland. Only in some of the federal democracies like the United States of America and Switzerland do the upper houses retain powers equal or superior to those of the lower houses.

## **Representation**

The application of democracy to the large nation-state has been made possible by the device of political representation, resulting in indirect or representative democracy. The registered voters of a country elect political representatives to legislate on their behalf. In some countries the voters also elect or choose executive, administrative and judicial officers to carry out various specialised functions of government. In a system of representative democracy the average citizen's official participation in the government process is confined to voting for political representatives. They usually vote at regular intervals for officials to do jury service and military service and in a few countries they vote in referenda to decide specific questions submitted for the verdict of the people. Ultimately representative legislature rests on the assumption that the people can delegate the exercise of the legislative portion of their sovereign powers to the elected deputies or representatives.

### ***Geographical representation***

Most countries with representative governments follow the geographical principle by dividing the country into districts/wards/constituencies of approximately equal numbers of people. A single political representative for a district is then elected by majority vote. This system is equitable only if district boundaries are frequently and fairly redrawn to take account of the growth and shifting of population. In most instances rural areas have been accorded undue weight, while urban populations have been seriously under-represented. The technique of “loading” and “unloading” of constituencies was used where the quotas of sparsely populated rural districts were unloaded by say 20% and densely populated urban constituencies were loaded with 20%. This means that for every 80 voters in sparsely populated rural districts, densely populated urban districts have 120 voters and therefore carry an extra load of 40 voters *vis-à-vis* rural districts. Such inequities were written into many constitutions and electoral legislation. In many countries this system of loading and unloading created an unfair situation. Depending on where the power bases of the contending parties lay – in the rural or urban areas – it frequently happened that a party with an overall minority support came into power.

In addition, legislatures sometimes deliberately manipulate constituency boundaries to enable the ruling party to capture as many seats as possible. Geographical concentrations of opposition party supporters are cut out and concentrations of ruling party supporters are cut in. This unethical practice is known as 'gerrymandering'<sup>95</sup> and produces constituencies that are weird in shape and grossly unequal in population. One remedy for this is to take the demarcation of constituencies out of the hands of the legislature. What is needed is a demarcating process by an independent institution that produces constituencies remarkably equal in population.

This single-member system of representation may result in the practice of electing to the legislative body only residents of the constituency. Some writers see this as narrowing the list of candidates available to the voter and discourages many able persons from running for office. Moreover, it makes the representative a mere

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95 A term constructed from Gerry + Salamander derived from the shape of one of the district's in Massachusetts, USA while Elbridge Gerry was governor, said to resemble a salamander.

agent who is expected to secure every advantage for his locality rather than to advance the overall public interest. Thus national policies and interest are entrusted to persons with a local political outlook and agenda.

Another criticism arises from the fact that even under a two-party political system, the minority of voters in a constituency go without representation; the single representative regards himself as the emissary of the dominant majority party. This represents the so-called “winner-takes-all” doctrine. Where there are additional minority parties and groups of so-called “independent” voters, the situation grows worse; the successful candidate may have received a mere plurality rather than a majority of the votes cast and the bulk of the electorate is not represented at all.

In defence of the single-member constituency system, one should note that it has the advantage of encouraging compromise on the part of both parties and candidates, as well as the further merit of producing a government that can govern. The chief defect of this system is the possibility that many representatives will be chosen by a plurality rather than a majority of their constituents. Such defects as gerrymandering and electing only residents of a constituency are not inherent in the system.

### ***Proportional representation***

To counterbalance the defects of the geographical representation system, the system of proportional representation has been developed. The idea of proportional representation is to ensure that the number of seats in the legislature won by a political party shall be as near as possible in proportion to the number of votes cast for that party in the election. Proportional representation is strongly supported by minority parties and those who wish to support independent candidates. However, it is sometimes opposed by strongly entrenched political organisations that may profit more from the geographical representation system.

There are two main schemes of proportional representation: the single transferable vote system – commonly called the Hare system – and the list system.

### ***The Hare system***

Under the Hare system large districts/constituencies are set up, each one choosing several representatives. The voter casts only one vote, but indicates his first, second and following choices among the candidates on the ballot paper. The voter may indicate as many choices as he desires. When the ballots are counted for the first time, only the voters' first choices are counted. A quota is determined by dividing the total number of votes cast by one more than the number of seats to be filled. This means that when 100 seats must be filled, the total number of votes cast must be divided by 101. In the case of 10 000 votes cast the quota would then be 10 000 divided by 101 – that is 99 votes. A candidate receiving the quota is at once declared elected. Any surplus votes cast for the successful candidate are re-examined for second choices and distributed accordingly. Candidates who achieve the quota by the addition of such second-choice votes are similarly declared elected, any surplus votes being further distributed according to third choices. This process continues until all seats have been filled. The Hare system is said to provide the only method for the expression of the views of the independent voters.

### ***The list system***

The list system of proportional representation takes two forms: the “bound” list and the “free” list. Under either type the political party organisation compiles the list and the voter must vote for the list presented by a party. If it is a bound list, the voter is not allowed to express a preference among the candidates listed by his party. The party determines the order in which the names of the candidates appear on the ballot paper. Under the free-list system, the voter may indicate his preference among his party's candidates and, in some countries, write in additional names. In Switzerland, he may also write in the name of his favourite candidate twice; this is essentially cumulative voting.

### ***The party list***

There is another list system, namely the party-list system where the voters' only choice is a list of political parties. The voter then votes for the political party of his choice and the political party nominates the quota of representatives to represent the voters in legislature. The quota of representatives is allocated according to the total number of votes received by the party in the election. In this case voters have no choice of who (which person) will represent them in the legislature. This is typical of the present South African system.

### ***Controversy over proportional representation***

There has been much controversy over the merits of proportional representation. Its defenders maintain that

- it will eliminate the necessity for reapportionment and regular demarcation of constituencies, thereby removing the incentive for gerrymandering;
- the majority principle that rested on a two-party system no longer exists in the traditional bi-party countries. Most countries now have multiparty systems that make the winner-takes-all principle of the single constituency system unacceptable;
- lobbying will be largely eliminated under proportional representation, because all interest groups will be directly represented in the legislature, which becomes a true mirror of the nations interests.

Critics of the proportional representative system point out that –

- the system tends to encourage the formation of a multitude of small 'splinter' parties, thus making cabinets necessarily coalitions which then lack the solidarity required for effective leadership and for the formulation of coherent government policy;
- in a country with a strong ruling party commanding a comfortable majority in the legislature, the multitude of small opposition parties become more of a nuisance than contributing to effective democratic government. Their power has been so

reduced by their division that the ruling party can afford to ignore them. This is a case of dividing the parties so that the strongest party can rule unhindered.<sup>96</sup>

- the multitude of small opposition parties during an election has the task of opposing not only the ruling party but also each other – instead of offering the voters an alternative government they tend to compete for becoming the official opposition party;
- it emphasises divisive centrifugal forces in society, whereas democratic government is based on the assumption that the various sectional, economic, cultural and other groups can reach workable compromises – that they can widen the area of agreement rather than the area of conflict.
- it virtually invites each minority and each dissident group to organise a political party and helps to crystallise and perpetuate minor differences that might otherwise be accommodated in larger political parties;
- it tends to obliterate the fact that a true political party is essentially different from and broader than a special interest or pressure group and therefore substitutes narrow group interests for the public welfare that is truly national and which a broadly based political party seeks to promote;
- the list system is said to strengthen control by the party machine. The parties' leadership compiles lists of candidates. The party leaders decide which persons should represent the voters in parliament;
- Only persons favoured by the party leadership make the list and as soon as these persons lose the favour of the leadership, they are kicked out or 'redeployed' to use the latest political jargon;
- there is no longer a place for meritorious independent candidates who cannot identify with any political party;
- the voter in fact has no say which person should represent him in the legislature whom he can call to account when things go wrong;
- voters also do not know who their local parliamentary representative is to whom they may take their personal problems – there is indeed no 'local' representative;
- where the local branches of political parties nominate candidates for the list, it is only the card-carrying members, or worse, only the management of the particular branch, who decide who must be put on the party's list of candidates. Therefore, a minority decides who will represent the voters in the legislature;
- Voters now have to work through the hierarchy of a political party machine and if a voter is not a member of such a party, his case in all probability will not receive any sympathy.

For all these reasons the proportional representation system does not create the very democratic system some people tend to argue it does. Representatives elected on a proportional basis may tend to pay allegiance only to their party leaders and not to

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96 Proportional representation has been blamed for the excessive number of political parties in Weimar Germany, which at one time totalled over thirty in a Reichstag election. It was claimed that this was the major factor in discrediting parliamentary government in Germany and facilitated the rise of Hitler's Nazis to power. One wonders whether South Africa with its 41 registered parties will not eventually experience the same development here.

those who voted for the party. It is a poor democratic system because nobody knows where to go with his or her personal political problems. A direct relationship between the elected representative and a voter is virtually non-existent. If a voter does not belong to a political party represented in the legislature, he has no means of channelling his political problems – the chances are that only the problems of the party faithful will receive attention. Because active card-carrying members of political parties are usually in the minority, the majority of voters have no say in the specific candidates who shall represent them in the legislature.

### ***Functional representation***

Another major criticism of geographical representation is based on the contention that people do not in reality share common interests merely because they happen to reside in the same constituency. The argument is that people would be more accurately represented on the basis of social, economic or occupational interest groups. The proposals for such “functional representation“, as it is called, show little agreement regarding the particular interest groups to be represented, the distribution of representation among them, or the relationship of such a legislature to the geographically and party politically elected legislature.

Opponents of functional representation emphasise the difficulties of defining the groups, determining in which group each individual belongs, allocating representation among the groups in an equitable manner, and ensuring that the general interests of the public will be adequately protected *vis-à-vis* the particular interests of the groups.

Functional representation has been experimented with to only a very limited extent. The corporate state in Italy under Mussolini developed a Fascist and Corporate Chamber based on occupational groupings, but it was devoid of any representative character in the democratic sense because of the complete absence of regular elections. Hitler's Nazi regime established a system of estates for basic economic groupings, but those were not utilised as the basis for selecting a legislative chamber. Both these Italian and German systems served merely to facilitate the operation of the thoroughly regimented economic system.

Modern pressure (interest) groups serve to provide effective representation for particular interests in their dealings with government, thus lessening the need for a corporate state as such. Like proportional representation, functional representation is in retreat in most modern democracies.

### **Representatives**

The character and status of the elected political representatives establish the character and status of the legislature. The legislature must command the respect of the general public, otherwise it will not be in a position to govern properly. The only way to command the respect of the public is for the legislature to be constituted of representatives with integrity and dignity. A legislature composed of unprincipled, corrupt pathological liars without any integrity will not be respected and people will tend to overthrow such regimes with force, if necessary. For these reasons constitutions provide for specific qualifications for members of the legislature .



### ***Qualifications***

The primary qualification for a candidate for the legislature is to be a citizen and a registered voter of the country. In some countries it is customary to require a candidate for the legislature to have attained an age beyond that required to register as a voter. Some constitutions even require residential status within the constituency for election as a representative.

Property qualifications were also common and have been retained in some countries on the assumption that men of property are likely to act in a more sober and responsible manner and be immune to economic inducements offered by powerful pressure groups seeking legislative favours. It is true that private ownership of property develops civic pride and civic responsibility among the owners of property. However, the gradual disappearance of the property qualification accompanied the trend toward universal suffrage. It is widely believed that those owning a great deal of property may be somewhat biased in favour of the proprietary classes to the detriment of the non-proprietary classes. It is also not very true that members of the proprietary classes are honest and of high integrity. It could be that some of them obtained property in an unscrupulous manner. However, it is significant that some of our wealthiest political representatives have been among those most concerned about the plight of the less fortunate and have often supported legislation taxing or otherwise restricting wealthy persons for the benefit of the poor.

### ***Disqualifications***

Some constitutions lay down specific disqualifications such as mental disability, insolvency and a prison sentence for more than a certain period of imprisonment without the option of a fine. In South Africa the disqualification because of an unpardoned prison sentence ends five years after the sentence has been completed. Sometimes these disqualifications extend to voters as well. The principle behind these disqualifications is that persons who lack true integrity should not serve in a legislature. In most countries representatives lose their membership of the legislature if they cease to be eligible because of the disqualifications, or are absent from the meetings of the legislature without permission in circumstances for which the rules and order of the legislature prescribe the loss of membership or censure.

### ***Role of elected representatives***

One fact that elected representatives must always bear in mind is that they have been elected by the voters to represent them in the legislature. There exists a fiduciary relationship between the elected representative and the public. The elected representative is placed in a position of trust *vis-à-vis* the voters who voted him into power. He is supposed to act on their behalf and to fulfil their wishes by supporting legislation and exercising control over the executive and administrative authorities in the process of fulfilling their wishes. It must also be remembered that, once elected, the representative does not only represent those who voted for him or his party, but the whole community. It is incumbent upon an elected representative to be in constant contact with his constituency for identifying their problems and needs, and for reporting on the activities of the government. It is indeed a matter of a two-way communication

process between representative and the public. The elected representative is in fact directly responsible and accountable to the whole of his constituency. Unfortunately, it appears as if the proportional representation system has jeopardised this traditional direct relationship between representatives and their constituencies.

### **Power-authority relationship between voters and the legislature**

Before one can explain the power and authority relations between the legislatures on the one hand and the voters on the other hand, it is imperative to explain the difference in meaning between the two words 'power' and 'authority'.

#### ***Meaning of power***

Cassell's *English Dictionary* (1979) defines power as the '...ability to do or act so as to effect something'. Most definitions of power in a political sense amount to the ability of political actor A (an individual, interest group or the government) to obtain results in his relationship with political actor B that are in conflict or incompatible with the will and wishes of actor B. The exerting of power in this sense, therefore, must go hand in hand with compulsion. A therefore possesses power if he can force B to act according to his (A's) wishes, or if A can prevent B from acting against his (A's) wishes. The political actor vested with power normally controls the necessary resources to impose his will and wishes upon others. Without these resources, he is powerless. The resources of power are usually the result of the social and political status of the political actor or interest group within a community. But one must distinguish between power and influence. Influence always provides for alternative actions, because the role-player, who is influenced by another actor, in the absence of sanctions, always has a free choice between alternative options.

#### ***Meaning of authority***

Although power and authority are sometimes regarded as synonyms, they do not have the same meaning as far as political relations are concerned. Authority creates a situation of obedience or submissiveness where power is not really a factor, even though authority frequently has to be supported by power, albeit with the consent of those concerned. This definition of authority is specifically applicable in what is usually referred to as *government authority*. Authority is also the "power" bestowed upon public office-bearers and public servants to execute the policy and decisions of the legislature. One must be very careful with the use of the term "authority". The different explanations of authority found in literature clearly show that some people do not really differentiate between the meaning of words such as influence, power, legitimacy and authority. For the purposes of studying the organisation of government, it is imperative to distinguish clearly between the meanings of power and authority.

#### ***Voters and the legislature***<sup>97</sup>

When considering the difference in the meanings of power and authority, one may conclude that in a real democracy the actual power is vested in the registered voters. The

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97 Gildenhuys J.S.H., 1997, *Public Financial Management*, Pretoria, Van Schaik, p. 85.

word “democracy” was coined by Aristotle and was derived from the Greek word *demos*, which means nation, and *kratos*, which means power. Therefore, democracy is derived from the Greek word *demokratia*, which means that *the real rulers of a democracy are the registered voters, because the power to rule is vested in them*. The relationship of power and authority between the voters and the legislature was enforced with the signing of the *Magna Carta* in 1215 and by the success of the American War of Independence 1775-1783. The real power rests with the voters, while the authority over public matters rests with elected representatives within the legislature. The legislature, therefore, is endowed with legislative authority on public matters.

The question which now arises is how authority on public matters is transferred from the voters to the legislature? In theory the transfer takes place with each election of representatives. During an election campaign each candidate – be it a person or a party – presents what is called an election manifesto in which he explains his policy on public services and other related policy matters. Each voter then votes for the candidate of his choice, which implies that the voter agrees with and supports the policies of the candidate. If the majority of voters support the candidate, he is elected as the political representative of the voters in the legislature. By implication, the elected candidate is commissioned by the voters to convert the policies contained in his election manifesto into government policy. He actually receives the authority from the voters to legislate on these policies, to have such laws implemented and to tax the voters to obtain money to pay the costs of the execution of such laws. This actually means that with each election the voters invest their political representatives with legislative, executive and taxing authority. In practice, however, the power-authority relationship within a state is determined by the constitution and other related constitutional legislation. However, the registered voters of the country originally – directly or indirectly through their representatives – approved the constitution and they have a right to expect their political representatives to uphold it. If the representatives do not uphold the constitution, they should be removed at the next election.

### ***Organised interest groups and the legislature***<sup>98</sup>

In a modern democratic state the individual voter has very little power. It is only when voters combine their strengths into an interest group that they can develop a strong power base allowing them to exercise their power over their political representatives. The size of the power base of an interest group, as reflected by the number of voters in the group, determines the group's power over the legislature. From this proposition may be deduced the theory of rational power-authority relations, namely that the larger the power base of an interest group, the more important it is for the legislature to comply with the group's wishes and demands. On the other hand, the smaller the group's power base, the less important it becomes for the legislature to satisfy the group's wishes and demands. However, it must be borne in mind that a large number of small interest groups may unite on a specific issue to demand responsibility and accountability from the legislature during an election.

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98 *Op cit.*, p. 86.

Interest groups form important links between their members and the legislature. Political representatives sometimes prefer to deal with well-organised interest groups rather than with individuals, because it is almost impossible to negotiate matters with each separate individual. The informal power-authority relationship between voter and representative is actually replaced by a more formal relationship between interest groups and political representatives. In order to exercise his democratic power it is imperative for an individual voter to join an interest group. If a voter does not join an interest group, his power is in effect neutralised.

The traditional tenets of a representative democracy presuppose a direct relationship between individual voters and elected political representatives; a situation where the individual voter can demand accountability directly from his political representative on a personal basis. The intervention of interest groups in this personal relationship has created a measure of estrangement between voter and representative. The system of proportional representation also contributed to this unfortunate situation. This new development in modern representative democracy has lengthened the lines of communication between the voter and his political representative with a concomitant erosion of the traditional tenets of representative democracy, which completely changes the process of decision making on public matters.

### **Role of the legislature**

A vital question is that of the proper functions of the national legislative body in a democracy. The legislature is what its name implies – paramount lawmaker. It is the function of the legislature to decide on national objectives, strategies, functions and services and to convert them into legislation for execution by the executive authority. However, legislatures have many other functions to perform. Among these are participation in the process of amending the constitution, the control of national finances through taxation, borrowing and appropriations, and supervision of the executive authority. In some instances a legislative chamber shares the power of appointment to important executive and judicial offices; one or both chambers frequently participate in treaty making. It is customary for legislatures to exercise certain quasi-judicial powers, such as deciding contested elections, expelling their own members, passing upon the qualifications of their members and bringing impeachment actions against public officials or trying cases of impeachment.

Under the cabinet system a major function of the legislature is the supervision and control of the cabinet. Since the cabinet or a ministry must have the confidence of the legislature, no government can be formed or continue in office without parliamentary support. Legislative control is exercised through questions addressed to ministers, amendment or rejection of government bills (including the budget), and votes of no confidence that compel ministers to resign. In the United States, legislative control over the executive operates through congressional committee hearings on legislative proposals (including the budget), and especially by means of congressional investigating committees.

The increased tempo of modern life and its greater demands upon government has raised other questions concerning the proper role of the legislature. Because of the increasing scope and technical character of government programmes, there is a

tendency for the legislature to delegate some of its authority in lawmaking to executive departments and to what are commonly known as “quasi-legislative” agencies, boards and commissions. The legislature enacts a law stating the broad objectives to be accomplished, the general principles, rules and limitations, and empowers the executive officer, board or commission to fill in the details in the form of regulations that have the force of law. Such delegated legislation is on the increase in all countries. There is considerable criticism in some quarters of this tendency on the part of the legislature to abdicate its legislative functions. The critics contend that this development leads to arbitrary and irresponsible government by bureaucrats and means the decline of representative government and true democracy.

It is pointed out that legislators lack the expert knowledge required for the enactment of detailed laws regarding, say, the transport, or banking, or the broadcasting industry and that experts in these fields, appointed to appropriate regulatory commissions, and freed from political influences, will produce better and more workable regulations. The counter-argument to this is that representatives in the legislature are not supposed to be experts in every field of government – it is humanly impossible for one representative to be an expert in all fields. What is expected from a representative, however, is to have the ability to comprehend the advice of experts and to take balanced and informed decisions. A better argument in favour of the delegation of legislative authority is that the legislature may not find time to consider detailed regulations for implementing legislation. This may be true, but it is imperative that all regulations promulgated by the executive authority are to be tabled for information before the legislature. The legislature must be able to disapprove of the delegated legislation if it is not satisfied with it.

Whatever the merits of this perennial controversy, it poses the crucial question: should the modern legislature attempt to legislate on every detail embodied in the law? It is increasingly argued that the most effective role of the legislature, under modern conditions, is that of ultimate approval or rejection of broad legislative policies initiated, in most instances, by the executive and administrative experts. Such executive accountability to the legislature, coupled with the responsibility of the legislators to the voters, will (it is claimed) preserve the vital essentials of the democratic process without slowing down and obstructing legislation through legislative preoccupation with minor details.

The power and responsibility of democratic legislatures in some countries has been weakened in recent years by the rise of the initiative and referendum. Both devices by bringing the electorate into participation in the legislative process represent a modern attempt to regain some of the advantages of direct democracy. Their spread has also been due to popular dissatisfaction with the operation of the legislative body, which has been regarded as slow, unresponsive to public opinion, subservient to special interests, excessively partisan and sometimes corrupt. Although useful as safeguards against a corrupt or indifferent legislature and as an educational experience for the voter, neither the initiative nor the referendum is indispensable to democracy. Indeed, the average voter is poorly qualified to pass judgement on the complex issues often submitted to him; probably for this reason he frequently displays a lack of interest in this phase of civic duty. In any event, the initiative and referendum cannot

be employed indiscriminately without seriously impairing the power and usefulness of the representative legislature.

### **THE EXECUTIVE AUTHORITY<sup>99</sup>**

The executive branch of government is that extension of government implementing the policies contained in legislation, which reflect the needs and desires of the public and which are directed at solving the ailments and problems in society. The executive branch is also the decision making body in the day-to-day administration of government affairs. The scope and wide interpretation of the executive is generally dependent on the type of government system and the tradition of a particular country. In Britain, it is called “The Ministry”<sup>100</sup>, in South Africa the “Cabinet”. In the United States of America the executive is often referred to as the “Administration” with the president's name preceding it, such as the Clinton or Bush Administration.

We have already referred to the *trias politica* theory of Montesquieu as one of the principles of good governance. In most democratic states this concept of the separation of powers has been introduced and has formed a basis of the constitutional arrangement. However, the suggestion by Montesquieu that a total separation of powers should be introduced has proved to be impossible to apply for various practical reasons. This chapter will aim at describing the nature of executive authority, the different approaches to the structuring of the executive authority, based on the “separation of powers” theory, and finally the existence of administrative systems which are the core of the executive authority as it is known today.

### **Nature and functions of the modern executive authority**

Adherence to Montesquieu's theory of a complete separation of powers would today be almost completely impossible. Modern government has proven that there should be a measure of overlapping and co-ordination between these powers in order to function. However, it remains true that the uncontrolled power of one authority over the other can result in various pathological defects, such as corruption and autocracy. The modern democratic state seems to prove that the governing function is increasingly becoming a function of the executive and, to a lesser extent, that of the legislature.

Due to the increasing domination by the executive of the government process, an important control function of government has emerged. Control of the executive and its wide discretionary powers are of great importance today. In modern democracies the leader or head of the executive authority has gained a position of the utmost importance. He is the initiator of government policy in many instances and in many states he places his signature on the final policy document. Furthermore, the trend today is for the executive authority to dominate the legislature, because of the complexities of modern life and the fact that modern bureaucracies are made up of mostly professional or career officials. Furthermore, political policy-makers increasingly follow the trend of designing the broad framework of legislation and

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99 Gildenhuys J.S.H. *et al.*, *op cit.*, p. 39 *et seq.*; also Gildenhuys J.S.H. & A. Knipe, *op cit.*, p. 155 *et seq.*

100 Britain also has what is called the *inner cabinet* consisting of the most senior ministers in the Ministry, being confidants of the Prime Minister selected by him to serve in this *inner cabinet*.

using the executive authority to embody the legislation in the course of implementation, through various forms of executive orders, regulations or decrees.

The executive authority, having the task of executing or implementing the laws of the legislature and, in theory, the “will” of the people, can be seen first in a broad and second in a narrow sense. In broad terms the executive can be seen as consisting of those political office-bearers who have executive duties as well as the government administration, which include the head of state and the bureaucratic core with its officialdom. In a narrower sense the executive can be referred to as the head of the executive authority, for instance, the president or the prime minister, with his immediate subordinates, such as secretaries of departments or ministers of state departments, who form the cabinet.

The executive authority in a broad sense can be classified in the following terms:

- the types of executive leadership;
- the structure and organisation of the executive authority.

### **The types of executive leadership**

It is essential to understand the meaning of the terms “government” and “state” in order to understand the phenomenon called executive authority. The government can be seen as a transient instrument of the state. The state must be perceived in a broader and more abstract sense. It refers to the physical constitution of the country with all its inhabitants including the government and the representatives of the people – the legislature. It is therefore wrong to refer to the government as the state. The “head of state” is appointed or popularly elected and, formally viewed as the head of the state, also serves as part of the executive. Some heads of state may have figurative or nominal status as opposed to real status.

In most of the democratic systems of government, the heads of state have figurative status with mostly ceremonial duties as opposed to the executive duties of a real head of state. The former situation can be found in countries such as Britain, the Netherlands, Belgium, Denmark, Greece, Canada and New Zealand and existed in the pre-1983 South African government. Examples of real or literal heads of state are the United States, France, and South Africa. Heads of state may acquire such status through various methods – for example:

### ***Inheritance***

Inheritance refers to the figurative status of kings or queens obtained through the historical monarchical system, which can today be observed in countries such as Britain, Belgium, Denmark and the Netherlands. These heads of state are usually referred to as “rulers without the burden of governing”. The beneficial attributes of such a system can be regarded as permanence and continuity, which are much-needed attributes of political institutions. Other benefits are regarded as the diplomatic prestige together with its “pomp and ceremony”, which gives a certain amount of credibility and impartial status to such a head. Such a head of state does not associate himself or herself with a particular political party. Because of its permanent status, the

monarch by inheritance is a national symbol of unity and power. However, a monarch may break protocol.

### ***Elected heads of state***

Heads of state may be elected in a direct or an indirect manner.

#### ***Direct election***

Direct election of heads of state can be observed in countries such as those in Central and South America, France, Austria, Iceland, the Philippines, Mexico, Ireland and Portugal. The underlying principle of this approach is that the head of state should enjoy the trust and support of the nation and simultaneously reciprocates direct public accountability. Due to the increased importance of executive domination in the policy arena and governing process, the principle of direct election has become a popular option. However, many points of criticism have been raised. Direct election creates an unbalanced position of power with a head of state who has the power to totally dominate the legislative process. This may result in a legislature that has no significant role to play in the governing process, unless the constitution provides for clear checks and balances between the two powers.

#### ***Indirect election***

This approach refers to the indirect election of heads of state through a body of representatives, known as an electoral college. Such a system exists in Germany, Argentina, India and Finland. In South Africa the head of state (President) is elected by the National Assembly and is usually the leader of the ruling party. The system in the USA could be seen as direct election in which representatives from each state, who constitute the Electoral College, are bound to vote for the candidate who received the majority of votes in the general election in each state. In Germany, India, Finland and South Africa a more pure form of indirect election can be observed. In Germany a convention of representatives from the Bundestag (Lower House) and an equal number of representatives from the representative councils of each Land (state) in Germany constitute the Electoral College. In India an equal number of representatives form the bicameral parliament and an electoral college is constituted from the member states. In Finland an Electoral College of 300 members, appointed through popular vote, elects a head of state.

The main argument for indirect election is a practical one. Members of an electoral college are in a better position to appoint a head of state who enjoys the support of the majority of government representatives and has day-to-day contact with them as opposed to the electorate, who are far removed from the government process. The practical aspects of leadership style and political-managerial capabilities are often not considered in a popular or direct election, which is usually dominated by emotive matters.

#### ***Nominated heads of state***

Finally, the heads of state who are nominated are usually those who enjoy figurative or nominal status as a ceremonial head or through a system of historical practice. It



was common practice in most states with a history of British dominion to appoint heads of state through the nomination of governors-general. South Africa, Canada, Australia, New Zealand, Ceylon, India, Pakistan, and Kenya are all examples. Today many of these countries still follow the tradition of appointing a head of state who performs ceremonial duties. In some countries the ruling monarch retains the tradition of nominating a successor to the crown in the absence of an heir to the throne. This is the case in Belgium and Greece.

The appointment of heads of state is a result of the political tradition or constitutional development of a particular country. To recommend a particular approach would be difficult. However, it is important to remember that in a democracy it becomes important to have a head of state with real executive status and who is elected by popular vote, either directly or indirectly. This practice has become the vogue in younger countries, especially those that have become independent of control by European colonialism.

### **The structure and organisation of the executive authority**

Generalisations in studying political macro organisation at a comparative level could become very problematic, because of the many exceptions to the rule. However, in this case a generalisation serves a particular purpose. It could be claimed that executive systems of government in democracies could broadly be classified on a continuum, which has two extremes: a parliamentary or cabinet system on the one hand, and an extra-parliamentary or presidential system on the other. In general, one could say that parliamentary systems usually have figurative or nominal heads of state as opposed to extra-parliamentary systems that have real heads of state. There are exceptions to this rule, which could be placed somewhere in between these two extremes. Examples of such systems are the French, Swiss and South African systems of executive authority. However, elaborate descriptions of particular systems will be avoided. The focus will rather be on the particular characteristics of major types referring to typical examples.

### ***The parliamentary or cabinet system of executive authority***

The parliamentary system of executive authority is rooted in the British government system. This situation arose from the arrangement that the king performed legislative, executive and judicial functions simultaneously. In the 17th century, after many rebellions against this political autocracy, the *Bill of Rights* (1688) was introduced. This placed legislative authority in the hands of a parliament. The principle of the “Rule of Law” was introduced into fundamental legislation during this period, separating the judicial authority from the crown. The *Habeas Corpus Act* (1679), for instance, determined that nobody might be confined without a proper hearing, whereas the *Act of Settlement* (1701) secured the independence of the judiciary against the intervention of the monarchy. During this phase a committee of parliament was appointed. The latter had already been in existence since the 13th century, initially as a kind of royal council – the Royal Council of Concillium Legis – a permanent inner circle of the Magnum Concillium, which became the parliament. During the reign of Charles II this Royal Council was rationalised for the sake of efficiency and the so-

called Cabinet Council was established. The next phase was to disjoin the cabinet from direct control by the monarch and place the executive power into the hands of an executive leader or chairperson of the cabinet. This measure was taken due to fear of excessive involvement in government affairs by the kings and the fact that George I and his successor George II were Germans and did not attend the meetings of the cabinet, because they could not speak and understand English. This necessitated the position of “Prime Minister“ to lead meetings of the “Ministry” and “Inner Cabinet“.

The basis of contemporary cabinet systems lies in the fact that the heads of state normally have figurative status and that the executive authority is vested in a Prime Minister or leader of the cabinet. Heads of state act on the advice of the cabinet, which in turn is constituted from members of the majority party in parliament and it maintains that composition as long as its members enjoy the majority support of parliament.

The major characteristics of the parliamentary or cabinet system may be summarised as follows:

- The cabinet system is based upon the principle that the executive authority is continually accountable to the legislature. This principle therefore requires all members of the cabinet to be members of the legislature, contrary to Montesquieu’s principle of total separation between legislative and executive authority;
- Members of the cabinet should have the same political views. In order to ensure this, members of the cabinet are usually chosen from amongst the representatives of the ruling party. In the case of two parties forming a coalition, the members of cabinet are proportionally appointed in cabinet. Therefore, members of cabinet only hold the position for the period in which the cabinet enjoys the support of the majority of representatives in the legislature;
- The cabinet is the executive organ of the state because the head of state in most cases enjoys figurative or nominal status and is advised or assisted by a cabinet member, usually known as the Prime Minister (first amongst equals);
- Cabinet members have ministerial duties as political heads (ministers) of state departments, assisted by other cabinet members as deputies. In many cases the more senior party members in cabinet enjoy preference in the appointment of ministers to the more “important” portfolios. According to convention, the most senior member, or leader of the political party or majority political party, is usually appointed as Prime Minister;
- The cabinet is seen as the executive committee of parliament, with the major task of formulating government policy and controlling the legislative agenda and programme. It can also be perceived as a link between the legislature and the administration. Due to its close links with the administrative heads of departments, the cabinet can ensure effective and efficient management of public affairs and enforce public accountability through its links with the legislature;
- The head of state appoints a Prime Minister according to convention. In return, the Prime Minister is requested by the head of state to assemble a cabinet to execute the state's affairs. If the cabinet loses the support of the majority in

parliament, the head of state is requested by the Prime Minister to disband the cabinet. The head of state under most circumstances acts on advice of the Prime Minister. This practice or prescription in some cases may be explicitly stated in the constitution, whereas in some constitutional monarchies convention or precedent establishes it. Even if convention were not formally or explicitly stated in the constitution, it would be very difficult for any head of state to disregard convention without harming his or her reputation.

### ***Advantages of the cabinet system***

- The cabinet system promotes co-operation and important links between the legislature and the executive authority. Constitutional deadlocks are prevented by the principle of majority support in parliament. In other words, a majority in the legislative process dominates the legislature, and if this majority loses its support, a new cabinet has to be formed;
- The cabinet, amidst its apparent domination of the policy process, remains accountable to parliament and ministers are subject to answering questions in parliament and during investigations by parliamentary committees;
- The cabinet members, being legislators and executors at the same time, ensure that administrative issues are considered in the policy-making process. The separation of politics and administration in a cabinet system is minimised by the close relationship that exists between cabinet members and heads of state departments;
- Changes in executive leadership can be brought about relatively quickly, as opposed to a presidential system where the office-bearer is virtually committed to the position for a minimum period of some years;
- It is evident that a cabinet system expedites parliamentary procedure and programmes due to the nature of its position and status in government processes, such as initiator of policy-making, control of the agenda and the allocation of time for the discussion of draft legislation;
- Cabinet members are usually elected because of their political skills and their particular knowledge and experience in a particular field such as health and education. However, this cannot always be maintained. The existence of knowledgeable and experienced executive political office-bearers has proved to be a valuable asset.

### ***Disadvantages of the cabinet system***

- Due to the allocation of various ministerial portfolios to ministers, there is a tendency of fragmented management and a lack of co-ordination and central leadership. Even the Prime Minister does not have the opportunity or authority to co-ordinate and manage the administration;
- There could be a tendency among ministers to be oversensitive towards the legislature and therefore make choices to the detriment of the administration. Good politicians do not necessarily make good administrators;

- The cabinet system is conducive to excessive involvement of politicians in the field of administration, which may lead to many negative results regarding public administration;
- In the case of cabinets appointed after a coalition of political parties, there may be fears of instability in policy-making because of the possibility of the disbanding of the coalition. Furthermore, it requires consensus between members of the coalition and this very seldom reflects the preferences of a particular political party.

### ***The extra-parliamentary system of executive authority***

When the designers of the American constitution gathered during the Philadelphia Convention in 1787, they were strongly influenced by Locke and Montesquieu. They were convinced that the separation of powers could lead to a better form of government than the system they had experienced during colonial reign. The result was that the three powers were constitutionally separated. However, the designers of this constitution realised that the legislative and executive authorities should be closely related; even if this meant that each authority was to supervise the activities of the other. The basic principle underlying the extra-parliamentary or presidential system was that one needed a divided legislature in order to reach consensus on the “will of the nation“, but that the executive should implement such will and therefore it needed to be united. Thus, in the case of the presidential system, the executive is vested in one person as opposed to the cabinet system, which takes the form of a committee of executives.

### ***The basic characteristics of a presidential system***

- This is a system of executive authority, which is directly responsible to the nation through a president who is indirectly elected by the nation. The executive power is vested in the person of a president of the state, who has real or literal powers and remains in office subject to the rules of the constitution. The essence of the presidential system lies in the fact that the president does not have a seat in parliament or legislative powers, and cannot be dismissed by the legislature in the case of a motion of no confidence. The president remains the leader of his political party and cannot be assured of majority support through his party in Congress due to the unique composition of Congress in the American political system;
- The legislature is vested in a council of politically elected representatives and may consist of two houses, i.e. a bicameral system. For instance, in the USA the Congress, which is the federal parliament, consists of members from the House of Representatives and the Senate. Notwithstanding the fact that the president has separate autonomy, he stands accountable to the House of Representatives in the case of treason or criminal acts;
- The president, notwithstanding the clear mission of executing the policy set by Congress, has to report to Congress and supply information during his annual “State of the Union” speech in Congress. The President recommends policy or measures that he deems necessary for the continued and efficient operation of government;

- The president has control over the legislation through special powers of veto, which he may use in the case of disagreements on aspects of legislation. This veto may, however, be overruled by two thirds of the representatives in Congress;
- The president appoints all the members of his “cabinet”, referred to as secretaries (heads of government departments). This cannot be seen, as in the case of the cabinet system, as a body with collective responsibility, but is simply an advisory body to the president. The president is not bound to his cabinet in decision making, but he involves the cabinet at his discretion. The members of his cabinet are appointed through the approval of the senate, which introduces a legislative measure of control over the executive.

### ***Advantages of the presidential system***

- The growth and popularity of the presidential system of executive authority can be largely accredited to the unique design to limit the control over decision making by only one branch of government through a system that is generally known as “checks and balances”;
- The head of state stands directly responsible to the public and, in terms of the principle of public accountability, he has to answer to the public for discrepancies or irregularities. This is in direct contrast to the very vague description of individual and collective accountability in a cabinet system. This advantage is generally known as the principle of central leadership;
- The independent function of each branch of government, according to Montesquieu's proposition, has the advantage that branches of government may continue with their normal function without the dysfunctional interference from members of another branch, as is common practice in a cabinet system of government;
- Control measures in the presidential system have been created to allow for the minimum interference, but to allow for the basic principles of democracy and effective government to be applied. For instance, the president cannot administer laws without them being passed by Congress, though he can veto laws which he as the direct representative of the public disapproves. Federal judges are nominated by the president but confirmed by Congress, and chief officials are nominated by the president and confirmed by the senate;
- The president or head of state does not necessarily enjoy the majority vote in the legislature as opposed to the cabinet system, which has a cabinet consisting of supporters of the same political party. This situation decreases the possibility of arbitrary influence as often seen in cabinet systems of executive authority.

### ***Disadvantages of the presidential system***

- Apart from the benefits derived from a separation of powers, the presidential system may complicate co-operation between the legislature and the executive, in that the differences regarding legislation may not be resolved as easily as in the case of the cabinet system. The lack of agreement between the President and Congress in the USA, for instance, may retard the legislative process for an undetermined length of time;

- Lack of support in Congress by the political party of the President also reduces the chances of gaining political support for particular legislative programmes initiated by the President or his executive staff. In the United States, for instance, Congress does not only represent political party ideals, but also the desires and ideals of particular states, thus complicating the executive task;
- Having sole executive responsibility places the president in a dual predicament. First, he may become a target of individual lobbyists and activists who may appeal to him regarding acts of maladministration or other acts deemed unacceptable. Second, the blame or accusations following administrative blunders are placed fully on the president's shoulders and attacks may be continually launched on his person, as opposed to a cabinet system, which delegates responsibilities for portfolios to cabinet ministers who share these responsibilities;
- The fixed periods of office – for instance, four years in the USA – could place a burden on the nation. In situations where a loss of support is manifest, the constitution does not make provision for re-election until the four years of government have passed. This factor is said to alter political party activism;
- The reasonably discrete separation of powers on the other hand negates the principle of individual accountability, which may be seen as a disadvantage. The president and legislature can continue to accuse each other of being guilty or at fault without ever pinpointing the final locus of responsibility;
- The fact that the task of administration is vested in and placed on the shoulders of an executive president may have varying effects on government, depending on the leadership capabilities and skills of such a person. Furthermore, members of congress could compromise the president by making use of private and unofficial policy analysts, producing information that does not necessarily coincide with his policies;
- The presidential system can lead to incoherent government because the president never has the assurance that his well-planned legislative programmes will be approved or that Congress will approve the budget. This state of affairs often leads to a situation called “patronage”, which is seen as a form of political nepotism. This system of patronage has been devised to resolve the conflict between the president and Congress and structured around mutual “pay-off”, serving each party's individual needs.

### **THE PUBLIC ADMINISTRATION<sup>101</sup>**

It is imperative to draw a distinction between the executive authority and the administrative authority. The administrative authority is seen in most instances as being a separate entity existing under the auspices of the executive, which has the responsibility of executing the policies of government. This does not mean that the legislators and judicial authority lack administrative organs. The administrators are grouped as a body of individuals in departments whose tasks are to carry out the instructions of the legislators as manifested in acts, ordinances, by-laws or regulations and which govern the day-to-day implementation of policies.

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101 Gildenhuys Hans *et al.*, *op cit.*, p. 49 *et seq.*; also Gildenhuys JSH & A. Knipe, *op cit.*, p. 167.

## **Portfolios and government departments**

Members of the executive authority are appointed as political heads of what are called “portfolios”. Depending on the extent of the activities of each government department, portfolios may consist of one or more departments. A member of the executive authority is appointed to administer the government business of a portfolio. Grouping together similar objectives and functions, such as order and protection, social welfare and economic welfare objectives and functions may create portfolios. Such portfolios are then referred to as ministries; for instance, the Ministry of Defence, the Ministry of Police, the Ministry of Foreign Affairs, Ministry of Finance, and Economic Affairs etc. The actual grouping together will depend on the extent of each activity to ensure an equitable dispersal of the total workload between ministers.

Departmentalisation takes place according to the objectives, functions and services to be rendered by the administration. A chief executive officer supported by other top and middle management officials and ordinary public officials heads each department. Some of these departments will be line-function departments, such as the Department of Social Welfare, Department of Trade and Industry, Department of Police Services, Department of Agriculture and Land Affairs, etc. Some will be staff-function departments such as the Department of Finance, Department of Inland Revenue, Department of State Administration etcetera. Unless the workload would be highly skewed, ministries are usually created for each government department.

## **The public service**

The government departments are structures or bodies of public officials called the public service. Departments are separate identifiable groups of public officials who have the delegated authority from the real holders of authority to execute the policies of the legislature; although they are sometimes viewed as having real autonomous authority.

Theories of public administration explain that these public servants are subject to acknowledgement of a particular set of values such as the observance of political and/or judicial supremacy, public accountability, honesty, justice and reasonableness. Public servants in modern democracies are required to adhere to democratic principles and a set of ethical standards and are further guided by community values and common law, which have developed into a separate set of rules, known as administrative law. Public servants in most democratic countries are required to adhere to these principles or guidelines, and although there are these common traits, there are specific and subtle differences among public servants in different administrative systems. Public servants are employed not only by central governments, but also on regional levels, such as provinces or states, and on local government levels, i.e. municipal administrators. In most countries the conditions of service and the organisational structure between these levels of government administrations differ in various degrees.

## **Public administration in civic cultures**

The relatively stable political development in the USA, Great Britain and other democratic states over a considerable period has produced what is called the

*administration* or the *civil/public service*. The political development of the USA and Great Britain led to what are called the spoils system and the merit system.

### ***Merit system in the public service***

In Great Britain public servants are recruited and managed under the authority of the Crown. Recruitment, through open competition, is the responsibility of a Public Service Commission appointed by the Crown. The purpose of this Commission is to eliminate nepotism and “cronyism” from personnel practice. In Great Britain, where a figurehead monarchical system linked with a unitary and parliamentary system of political and executive authority has been retained, the public service is organised in a series of broad functional classes, each with a hierarchy of grades. Recruitment is normally to the lowest grade of the class, the school-leaving age, which supports the idea of a “meritocracy”. Meritocracy or the merit system affords the opportunity for individuals to move through on years of service, experience, technical or professional skills, and academic qualifications.

The main authority for the control of personnel or institutions is called the Treasury or, as in the case of the Republic of South Africa, the Commission for Administration and the Department of Public Service and Administration. However, in line with the doctrine of ministerial responsibility, a large degree of control and autonomy in personnel matters is left to heads of departments. Parliamentary control of the public service is enforced through ministers of departments who are solely responsible for the official actions of their public servants, and more generally through the House of Commons in the case of Great Britain or the usual parliamentary committees on public finance. In South Africa the basic administrative system was more or less analogous to that of Great Britain in most of the aspects mentioned above, due to the inherited constitutional blueprint that gave rise to the basic similarity in political systems. Public Service Acts regulate both public services. In South Africa and in most European countries a system of administrative law is recognised which, in general, guides the actions of and the actions against public servants.

### ***The spoils system in the public service***

The spoils system of appointment, particularly applicable to the United States of America, is a method based upon “Rotation of Office” and the allocation of vacant posts to supporters of the ruling party, which emanated from the early years of the American Republic. Its inherent problems and inefficiencies were the cause of a Public Service Reform Movement, which restructured this system and combined it with certain important aspects of the merit system. Political appointments, however, were retained for many of the senior departmental posts and there is a much greater flow in and out of the public service due to the spoils system as opposed to the merit system applied in Great Britain. In 1978 the Public Service Commission made way for the Office of Personnel Management and a new Merit Systems Protection Board. Preference is given to programme staffing and specialised personnel as opposed to career staffing and candidates with generalised skills.

In the USA the administration of personnel affairs is the responsibility of the President, who, with the approval of the Senate, appoints senior officials or heads of



departments. At lower levels career public servants are usually in charge. As far as protection against allegations of unjust action is concerned, the common law courts and the efficacy of external political controls are seen as sufficient bulwarks against the misuse of public authority and therefore a separate system of administrative law has not been introduced in the USA. In South Africa, apart from the stipulations in the Public Service Act and particular regulations applicable to public servants, there is a separate system of administrative law, which can serve as a basis for the creation of specialised administrative tribunals for judicial redress. This system serves within a system of common law and practices.

In South Africa, since the coming into power by the African National Congress, appointments are made in accordance with an affirmative action programme, favouring formerly disadvantaged blacks, women and disabled persons.

### ***Public administration in classic cultures (bureaucracy)***

In 1922 Max Weber, a famous German sociologist, spelled out in considerable detail the features of the bureaucratic structure.<sup>102</sup> In simplified terms those features are:

- A division of labour based on functional specialisation;
- A well defined hierarchy of authority;
- A system of rules covering the rights and duties of employment;
- A system of procedures for dealing with work situations;
- Impersonality of interpersonal relations; and
- Promotion and selection based on technical competence.<sup>103</sup>

Add to these dimensions of bureaucracy the need for well-educated public administrators for the top echelons, then it can be seen that these principles clearly support the merit system and should still serve as guidelines for building professional public services.

### **PARASTATALS<sup>104</sup>**

Apart from the usual classification of government institutions such as the judiciary, the legislature, the executive, and the administration, another form of institution deserves attention. Particularly in the countries with a relatively large and strongly developed private sector, an intermediate field has developed which is known today as the public enterprise or parastatal field. In this field public institutions adopt the methods of business rather than the non-profit and total government control approach that is so distinctive of government service delivery. Depending on their constitutions, these semi-government institutions or parastatals vary in their capacity to be self-supporting. This in turn defines the extent of their dependence on government resources and the amount of restriction through government control. Due to the types of operation and particular

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102 Miller Delbert C. & William H Form, 1969, Second Edition, *Industrial Sociology*, New York, Harper & Row, p. 10.

103 Robbins Stephen P., 1980, Second edition, *The Administrative process*, Englewood Cliffs, Prentice-Hall, p. 39.

104 Gildenhuis J.S.H. *et al.*, *op cit.*, p. 67. *et seq.*; also Gildenhuis J.S.H. & A. Knipe, *op cit.*, p. 195 *et seq.*

kinds of services that these bodies provide, and due to the fact that there is no political representation, serious problems with regard to their public accountability often arise. The question of the degree of control that should be exerted over parastatals arises because taxpayers support most of them directly and indirectly.

One of the most important issues surrounding parastatal organisations is the degree to which government controls the economy via these organisations. Many private entrepreneurs are inclined to view parastatal involvement as mechanisms of excessive government control of the economy and are often forced to call for less government intervention in the economy.

In this section the creation of parastatals and the ways in which they are created are explained. Second, the wide spectrums of organisational forms of parastatals according to which they may be classified are described.

### **Creation of parastatals**

The emergence of state involvement in a country's economy can be traced back to the period of the Industrial Revolution, during which people sought the aid of government to alleviate the alleged gross abuses of employees by the industrial entrepreneurs. During this period most governments adopted a general philosophy of laissez-faire in their attitude towards the economy. This was manifested in the very low degree of involvement in the control and structuring of the state economy. Resulting from the demands of the economically informed, the government was forced to act against the abuses of employees by industrial leaders. Philosophers like Robert Owen (1771-1858), a British utopian socialist, Charles Fourier (1772-1837), a French philosopher and socialist, Claude Joseph Saint-Simon (1760-1825) a French socialist, and Pierre Joseph Proudhon (1801-1865) a French writer and political theorist, saw the poverty and social turmoil of the time as a direct result of the government's laissez-faire policy and supported this action by government. The gradual adoption of the idea of socialism added impetus to the "economic reform movement", which resulted in a policy of government intervention and eventually the creation of parastatals that could fulfil this role. One of the most radical strategies undertaken by socialist governments was the nationalisation of industries, thereby establishing control over strategic resources. The strategy of nationalisation and government control of the strategic industries and resources has, however, not alleviated the exploitation of economic minorities; it merely meant that the state rather than industry was seen as the exploiter. Today states can be classified in terms of the economic ideology that prevails and which indicates the extent of their involvement in the economy. Socialist states nurture the idea of state control of the economy on the one side of the continuum, while, at the other extreme, capitalist states favour the idea of minimum government involvement and the privatisation of state-controlled enterprises.

### ***Government involvement in the economy***

Government involvement in the economy can be classified according to the means through which it takes place. There are three ways of involvement, namely government as political agent, government as a political-economic agent, and government as an entrepreneur.

### ***Government as political agent***

The government may act as a political agent through the enforcement of legislation, regulations and administrative prescriptions that serve to control and regulate economic activities and development. An example of this would be an act that sets limits to individual and group action not serving economic growth and development in the public interest. The issues that are at stake are monopolisation, price fixing, import and export control, control of standards, labour and factory legislation, credit control and prescriptions surrounding forms of economic association such as companies, closed corporations and partnerships. A very well known case of control over excessive monopolisation of industry was the enactment of the American *Antitrust Act*, which sought to encourage and protect competition in those segments of the economy where competition is feasible

### ***Government as political-economic agent***

The government may also act as a political-economic agent and take positive steps to provide guidance and material support to initiate and launch economically viable enterprises. Many observers in this field see this function as the most desirable form of involvement. Various mechanisms can be used to create an environment in which the economy can flourish such as:

- government preference for domestic production;
- making provision for technical, scientific and industrial research;
- the creation of socio-economic privileges and advantages such as property rights; and
- laws that govern the contractual agreements and judicial procedures that protect the individual and the group in the economic sphere.

### ***Government as economic entrepreneur***

Government may act as an economic entrepreneur in the community in producing a variety of goods and services that are traded as particular services or goods on a commercial basis. This is especially applicable to strategic services like transport, fuel, steel, communication and electricity. The involvement of government as an economic agent manifests itself in the creation of public enterprises, public corporations, or other types of semi-government organs that are utilised to perform this function. They can be broadly categorised in terms of economic entrepreneurial functions and promotional functions. Examples of economic promoters are the Small Business Development Corporation and the Industrial Development Corporation of South Africa. Examples of parastatals performing entrepreneurial functions on a commercial basis are the Electricity Supply Commission (ESKOM), TELKOM, SPOORNET and PORTNET.

In South Africa these organisations are generally created in the following ways:

- by government departments that are required by legislation to provide certain commercial services, for instance public transport services, state forestry and state saw mills;
- direct creation through legislation of, for example, the Central Reserve Bank;

- indirectly created through the stipulations of the *Companies Act* (Act No. 46 of 1926) as amended, or similar legislation in any country;
- through administrative action in terms of the powers conferred on the administrative or political head of a government or government department;
- the acquisition of a controlling interest in an ordinary public company and the practice of owning subsidiaries in other companies have become quite common in the establishment of public enterprises.

### **Classification of parastatals**

There is a wide spectrum of organisational forms of parastatals. The following types of parastatals can be distinguished in most democratic countries.

#### ***Public business and industrial enterprises***

Public services are sometimes delivered by self-contained public enterprises, which, like their private counterparts, are expected to cover their costs from sales and make a return on their investments. These self-sufficient public enterprises are also known as business units within government institutions and have increasingly become a part of modern society. While they may avoid the rigidities usually associated with public bureaucracies, they may exploit their peculiar governmental status and escape competitive pressures and decline into public liabilities.

Public enterprises are organisations trading particular goods and/or services that are wholly or partially owned or controlled by the state. The main reasons for the creation of public enterprises are the following:

- the need for essential public services which private entrepreneurs are, for some reason, reluctant to provide, such as postal and transport services;
- a need for particular goods or services that are essential but lack the potential of being profitable to private entrepreneurs or being affordable to the users, for instance hospital services;
- military or strategic reasons, which are essential for the existence of any state, such as the manufacture of armaments and energy resources;
- to provide economic development and fair competition in a society dominated by private monopolies or undeveloped segments of the economy;
- to promote political ideology – for instance, to establish a newspaper;
- to develop administrative self-efficiency, for instance, government printing works.

All government administrations are public enterprises simply because their activities are not undertaken by private enterprise, but not all activities in society ignored by private entrepreneurs are public enterprises. The term “public enterprise” is usually confined to all activities that the administrative state has decided to undertake for itself in the absence of private initiatives. In this category fall most business activities such as the Aswan Dam complex in Egypt, the construction of a number of capital cities (for example, Brasilia in Brazil and Canberra in Australia), the nationalisation of major industries and even the operation of the World Bank. Public enterprises typically include all public organisations, which undertake massive public works such

as ports, dams, parks, freeways, bridges, tunnels, and provide essential services such as water, electricity, transport, and postal services.

Business units within public enterprises simply means that units of activity are created and clustered together. These units then start to “do business” like private organisations and service providers. In other words, they would charge competitive rates for services and goods and even make a profit in some cases. It further means that these business units must have their own budgets and must manage and control these budgets as well as their activities in order to be successful.

Many of the activities listed above are self-sufficient and self-financing. Those that have been deliberately set up as self-contained enterprises or units are run as public businesses, often as monopoly suppliers with special privileges as government entities. Socialist governments have preferred this form of delivering public services for a host of reasons. They have wanted to enrich themselves from the potential profits. They have deposed private entrepreneurs who they felt were not meeting public needs or otherwise failing to do the job. They have been opposed to private property and capitalism as such or opposed to the private ownership of essential industries and a reliance on the market system for the supply of basic services.

All these and many more reasons explain why governments become public entrepreneurs and create their own business units, but not why they separate business units or public businesses set apart from the rest of the public bureaucracy. Business units are created, more often than not, to escape from:

- obsolescent legal and financial restraints;
- incompetence in the civil service;
- obsolete jurisdictional boundaries; and
- inequitable elections.

This is done in order to free them from rigid public management controls and unreformed public administration. It also excludes them from considerable legal immunities and privileges enjoyed by government to enable them to compete on fair terms.

Profitability is not so much an issue in public business units as it is in private organisations. The reason is that their direct monetary costs are not to be measured so much by the amount of resources spent on their provision as the social costs of conditions that would prevail if the services were not provided. Thus, the cost of peace is the price of war; the cost of health is the price of illness; and the cost of education is the price of ignorance. This is not to say that financial yardsticks cannot be applied, only that they are often overridden. Private business cannot conduct itself in this way; it has to recover costs. On the other hand, private business does not have to think about the opportunity costs of its activities, that is, the alternative benefits to society if the resources spent by private entrepreneurs were spent in some other way.

Public sector business units are compelled by their political mentors to consider alternatives and to justify their level of expenditure and services. Consequently, evaluation of public enterprise according to the difference between resources expended and the cash returns are inadequate. The excess of receipts over expenditure does not take into account social costs, capital depreciation, monopoly power and at

whose expense the surplus is earned. Presumably, profitable ventures are readily undertaken by private entrepreneurs, leaving public entrepreneurs to deal with largely problematic ventures in which profits are unlikely. Those that could be made profitable in the commercial sense may be deliberately run at a loss for political reasons. The government may, for example, prefer uniform, national, egalitarian services to discrimination between consumers.

This may force public employers to bear the social costs of employing people whom nobody else is willing to employ or to adopt processes, methods, procedures and innovations that nobody else is willing to undertake. It may deliberately restrict the monopoly power of public entrepreneurs and force them to provide cheap public services, subsidise political ventures, invest in unprofitable areas to provide employment or act as national carriers and save foreign currency. All of this makes running a business unit within a public institution quite a tough task. While one of the main reasons for setting up and running a business unit is to manage its own funds and make some sort of a profit, the pure nature of government is such that it does not always allow for this.

Another important aspect in public business units is effectiveness. This is another difficult aspect to measure in many of the spheres of service delivery. In the case of health, the results of the effects of drugs, the reduction of infectious disease, the average duration of sickness per person and the number of medical examinations per person per doctor can, for example, be used to indicate the effectiveness of health services. These measures do not possess much significance until they are compared with other cultures, past experience and planned estimates. They can be used to evaluate the comparative worth of public entrepreneurs and business units.

The most common form of public enterprise is industrial by nature. Many other parastatals exist, such as cultural and art councils, health organisations and hospitals on the provincial or regional level, tourist services, conservation organisations and publicity organisations at the local government level.

These organisations are generally created in the following ways:

- by government departments that are required by legislation to provide certain commercial services, for instance, public transport services and state saw mills;
- directly or indirectly through the stipulations of an act of parliament;
- through administrative action in terms of the powers conferred on the administrative or political head of a government or government department;
- the acquisition of a controlling interest in an ordinary public company and the practice of owning subsidiaries in other companies has become quite common in the establishment of public enterprises.<sup>105</sup>

### ***Regulatory bodies***

Special regulatory bodies are often set up instead of ordinary state departments to regulate aspects of social and economic life. Because government regulation impinges on the rights, privacy and interests of people, it is often demanded that experts or

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105 Baxter, Lawrence, 1996, *Administrative Law*, Cape Town, Juta & Co. Ltd, pp. 163-165.

expert bodies should perform regulation. Various forms of government regulation have to be performed such as tariff control, licensing of business, issuing of import permits, health and safety standards, registration of motor vehicles, zoning of land use, and town and regional planning. The following are examples of regulatory bodies that perform such functions:

- agricultural control boards that have been instituted to regulate the farming sectors, due to various uncertainties in the agricultural environment such as prolonged and devastating droughts and supply-demand fluctuations (now abolished in South Africa);
- trade and professional councils that were established to protect professions such as the medical and engineering professions. These bodies control the admission of members, their conduct, disciplinary conduct and expulsion;
- general and supervisory control boards where general business and daily activities are subject to some form of control, for instance, a Liquor Control Board, which regulates the liquor industry.

### ***Benefactor agencies***

Governments generally have three main tasks, which are to provide goods and services, to regulate the provision of goods and services and finally to assist in the provision of goods and services. Governments can provide several types of assistance such as:

- economic development assistance;
- compensatory agencies that provide compensation to citizens in the case of income losses through injury at work and injuries suffered through motor vehicle accidents;
- social and welfare organisations that advise and assist people who are in need of social welfare and other social services such as legal aid and housing needs.

### **Advisory and investigating organisations**

Most governments create expert bodies that can advise them on matters which are highly technical or which require special knowledge and much time, which are not available to the policy makers. In South Africa these bodies are usually created through the statutory powers of the creating body, but have very little statutory powers themselves, unlike their counterparts in the USA, which are independent federal commissions and play an important role in government policy making and administration. These bodies are often referred to as policy advisory councils, committees or commissions.

Policy advisory bodies play an important role in providing specialised information in the policy formulation stage. They are, for example, a National Air Pollution Advisory Committee, a Law Commission and a Housing Advisory Council.

Investigating bodies function on a permanent basis and are created by statute, such as a Publications Board, as opposed to a semi- or non-permanent body that investigates specific public issues such as corruption. In South Africa there is no explicit legislation that governs the procedures of “common law” investigating bodies such as in Britain. A head of state often appoints commissions of enquiry in terms of an act of parliament. In the case of bodies appointed under statute, the empowering act usually stipulates the

procedures to be followed. Sometimes the president's proclamation, establishing an investigative commission/committee, supplements the procedures prescribed by the constituting act.

### **Judicial bodies**

South Africa has adopted the British model of judicial review that lacks a separate system of administrative courts such as those in France. Legislation has been introduced in Britain and in the USA to govern administrative tribunals. Such legislation does not exist in South Africa; their functions and decisions are subject to appeal to the ordinary law courts of the land. In Britain there is a Supervisory Council on tribunals which supervises the functioning of these administrative courts. In South Africa these administrative courts/tribunals can be distinguished as:

- primary executive tribunals that adjudicate matters of dispute between parties where the need for executive decision making involving judicial procedures is prominent. Disputes on licensing of businesses such as road transportation and liquor trading are often involved here;
- independent tribunals that often act as independent arbiters between public authorities and private persons. These courts closely resemble a normal court of law in terms of decisions and status. Examples are valuation courts, rates appeal boards and a Small Claims Court;
- administrative tribunals that simultaneously perform certain judicial functions and administrative tasks. For instance, the National Transport Commission adjudicates appeals from local road transportation boards and has the power to intervene in their proceedings.

### ***Localised and co-ordinating government bodies***

Localised and co-ordinating government bodies such as Water Boards perform regulatory and entrepreneurial functions and provide specific services to the public on behalf of the government. Some parastatals are created particularly to advance horizontal and vertical links within the levels of government, such as national educational councils, committees for university principals, and a council for the co-ordination of local government affairs.

### ***Educational and research bodies***

Educational and research bodies function primarily at central and regional level, such as universities, technical colleges and scientific research bodies at the central level and schools at the regional level. The level may differ from country to country,

### **Founding of parastatals**

Numerous public bodies on the periphery of government have been created to deal with scientific, cultural and economic matters. These bodies have been given a high degree of autonomy and are comprised of a wide and varied range of organisational structures. They are public institutions but do not form part of government, because they all have the legal characteristics of private companies. They perform functions outside of normal government with a degree of responsibility towards the public due



to their unique constitution. Such bodies consist of boards with corporate powers and organisational objectives laid down by acts of parliament. They appoint their own staff and tend to adopt a commercial and industrial managerial approach. This type of organisation is widely adopted for most of the nationalised industries that include energy, communication and transport services.

Parastatals can normally be analysed on the basis of four criteria.

### ***The founding act***

The founding act determines most of the characteristics of a parastatal institution such as the organisation, the financing, personnel matters and control measures to check the activities of these institutions. Most parastatals have been founded through specific acts.

### ***The appointment of a management body***

The management body normally consists of a board of directors but this can differ from one parastatal to another. The prerogative of the minister to appoint a certain number of the directors can ensure compliance with government policy. Most founding acts provide the mechanism for dismissal of directors in cases of failure to comply with government policy. Governments usually appoint the majority of board members, thereby ensuring that the influence of the government is maintained in the day-to-day operation of these parastatals.

### ***Provision of capital***

Capital is provided by parliament to ensure continuity in government programmes. Although the policy on parastatals usually states that they should be self-supporting, most parastatals enjoy the financial support of government, especially with the need for capital projects. At the same time parastatals are prohibited from making a profit. Any surpluses must be used for the benefit of the public. Surplus funds from income may be invested and applied for price stabilisation. Operational costs are usually paid by income from consumer tariffs and user charges. If not provided by government, development capital is normally obtained from the issuing of shares to the public.

In some cases a system of A- and B-shares is used to finance the initial development capital for most parastatals. A-shares are held in trust for the state by the head of state, which in terms of the possession of shares makes the state a major shareholder and which automatically also provides the basis for appointing the majority of directors. In some cases the value of A-shares may be less than B-shares, which are usually taken up by the public or private sector. This, however, does not reduce the state's claim to appoint directors and control the operation of these parastatals. An exception to the rule as, for instance, in the case of SOEKOR (Southern Oil Exploration Corporation (Pty) Limited), can be seen in the fact that in 1965 during its establishment, the transfer of shares was restricted to fewer than 50 shareholders, keeping the public from buying shares and debentures. At the same time the state appointed 5 members on the board of directors and the remaining three were appointed by the Industrial Development Corporation, another state-controlled parastatal.

## **Control of parastatals**

The control of parastatals is organised in various ways. The Minister appointed for the particular portfolio, for instance Energy Affairs, Transport Services or Post and Telecommunication Services, has the responsibility to ensure that policy objectives are achieved. In most cases the Minister is responsible for the appointment and dismissal of board members of the corporations or public enterprises. Ministers are also responsible for conveying special high priority directives from the cabinet to the management board. The day-to-day management is placed in the hands of the corporation and they are in most instances checked by a select committee of parliament that examines their annual reports and scrutinises the accounts of the individual corporations. This makes government control a matter of annual evaluation and includes questions to the relevant minister during parliamentary sessions by members of parliament.

Ministerial control over parastatal institutions can take the following forms:

- the setting of broad policy and guidelines based on government policy, aimed at providing a public service;
- the appointment of some or all of the members of the board of directors, and by reserving the right to dismiss them if necessary;
- approval of the capital budget in order to ensure that physical and industrial development is aligned with government economic development policy; and
- through representation of ministers on the board of directors, which would provide direct participation in the decision making processes. This arrangement is not popular because of the fear of political party interference in decision making.

It must be stressed that parastatals are public institutions and their actions are seen in the same light as those of state departments. Experience, however, has shown that very little is actually known about the policies and activities of even the largest of the state corporations. The public is left rather powerless to enforce control, particularly for the following reasons:

- parastatals are not subject to annual budgetary procedures as is the case with state departments;
- parastatals may retain surplus funds to support over-expenditure on their operating budget. Year-end surpluses may be kept and are not returned to the Consolidated Income Fund of the Exchequer, as is the case with state departments;
- parastatals do not have to report to the appropriate minister on all the matters concerning the operation of the corporation. Even matters such as auditing and accountability are given far less transparency and emphasis than those of government departments. The authority to conclude contracts and purchase supplies is not subject to the traditional procedures as in government departments. In many countries, concern has been expressed over the lack of control over parastatals to ensure public accountability.

## SUMMARY

The judicial branch of government is that extension of government that consists of a corpus of “law” which is derived from many sources. Executors of justice such as judges and magistrates and the courts of law are instituted to see that justice is done. The questions surrounding the naturalistic approach to justice are mostly of a metaphysical nature. This overlapping of the worlds of law and metaphysics has led to the belief that justice can be extracted through philosophy and religion, which could produce rules of conduct in general. These rules of conduct are known today as natural law or moral or divine justice.

Those who argue for “positive” law or the law and justice created by man have not totally denied the basic religious or normative values of their societies, but rather the mechanism through which such rules are discovered. Today it is accepted that positive law has its own flaws, because it may contain unjust, immoral and unethical rules depending on whose values are reflected in such rules.

Various sources of the law exist and can be classified today according to the types of law that are produced, namely informal and formal sources. The informal sources of law include ethical and moral values, customs or habits, and the needs and aspirations of groups. The writings of jurists are often a formal source of justice. Statutory legislation is probably the largest and fastest growing of all formal sources of law

Constitutions are a special form of law, commonly known as the first law or the basic law of a country. Statutes are positive laws made by the legislature forming the basic legislation of a country. Regulations and proclamations are the legal extensions of statutes needed in a complex society with many varied functions. Judicial precedents or “judge-made laws” are forms of the law created by the verdict or judgement of judges in the settling of legal disputes. Treaties or accords between communities or states have legal status when they are formally concluded and announced. Codification or codified laws have been set down in writing, in conjunction with other laws. Edicts, treaties, decrees, legislative enactments, and judicial precedents are among the forms of law that may be codified.

One approach to the classification of law would be to look at the various types of statutory legal systems. There are many such types of law, namely administrative law, mercantile law, maritime law, civil law, criminal law, domestic law and international law.

Various approaches to creating and applying the law have developed in different countries over the years. The approach that is most widely adopted is the Roman-Germanic legal culture, or Roman-Dutch law, which refers to societies in which judicial decisions are based on codes of law extracted from the Roman era.

The composition of the judiciary differs from one country to another. The idea of a judiciary is complementary to the fact that judges make the final decision on government and political matters, and they therefore have to enjoy the respect of the society and similarly be seen to have respect for the law and standards of justice.

A basic function of the judiciary in individual cases is to apply the law when individuals or groups have acted beyond the bounds of law and are prosecuted. Various common law rules of interpretation of statutes are common when applying

legislation to a particular case. The independence of the judiciary according to Montesquieu's *trias politica* philosophy has been introduced in most democratic states.

In the modern democratic state a national legislature, elected by and responsible to the people, is an indispensable part of the government machinery. In the macro organisational context the legislature is perhaps the most significant institution. The legislature is that body that has the power to make or change the laws of a country. In most countries with a bicameral legislature, the lower popularly elected house is the more powerful one. Proponents of the bicameral system argue that the duplication of debate and the possible delays that may be imposed by the upper house on legislation emanating from the lower house do not in fact frustrate democratic government. Proponents of the unicameral system point out that in a democracy a truly representative popularly elected legislative body should not be subjected to checks and delays interposed by an upper chamber elected or appointed on an undemocratic basis.

The application of democracy to a large nation-state has been made possible by the device of political representation, resulting in indirect or representative democracy. Most countries with representative governments follow the geographical principle by dividing the country into districts/wards/constituencies of approximately equal population. A single political representative for the district is then elected by majority vote. Criticism of this system arises from the fact that even under a two-party political system, the minority voters in a constituency go unrepresented.

To counterbalance the defects of the geographical representation system, the system of proportional representation has been developed. The idea of proportional representation is to ensure that the number of seats in the legislature won by a political party shall be as near as possible in proportion to the number of votes cast for that party in the election. Yet another system of representation is the “functional” system, where social and economic interest groups are represented in the legislature.

The character and status of the elected political representative establish the character and status of the legislature. The primary qualification for a candidate for the legislature is to be a citizen and a registered voter of the country. Some constitutions lay down specific disqualifications such as mental disability, insolvency and a prison sentence for more than a certain period of imprisonment without the option of a fine. One fact that elected representatives must bear in mind is that they have been elected by the voters to represent them in the legislature. There is a fiduciary relationship between the elected representative and the public.

In a democracy the political power to rule is vested in the voters of the country. The registered voters endow the legislature with legislative, executive and judicial authority on public matters. In a modern democratic state the individual voter has very little power. It is only when voters combine their strengths into interest groups that they can develop a strong power base. The legislature is what its name implies: paramount lawmaker. It is the function of the legislature to decide on national objectives, strategies, functions and services and to convert them into legislation for execution by the executive authority.

The executive branch of government is that extension of government implementing the policies contained in legislation, which reflect the needs and desires of the public and which are directed at addressing the ailments and problems in society. In most

democratic states the concept of separation of powers has been introduced and has formed a basis of the constitutional arrangement. Adherence to Montesquieu's theory of a complete separation of powers would today be almost completely impossible. Modern government has proven that there should be a measure of overlapping and co-ordination between these powers in order to function properly. The executive authority, having the task of executing or implementing the laws of the legislature and, in theory, the "will" of the people, can be seen first in a broad and second in a narrow sense. It is essential to understand the meaning of the terms "government" and "state" in order to understand the phenomenon called executive authority.

In most of the democratic systems of government, the heads of state have figurative status with mostly ceremonial duties as opposed to the executive duties of a real head of state. Heads of state may acquire such status through various methods – for example, by inheritance, election and nomination. It could be claimed that executive systems of government in democracies could broadly be classified on a continuum: a parliamentary or cabinet system on the one hand, and an extra-parliamentary or presidential system on the other. The basis of contemporary cabinet systems lies in the fact that the heads of state normally have figurative status and that the executive authority is vested in a prime minister or leader of the cabinet.

The basic principle underlying the extra-parliamentary or presidential system was that one needed a divided legislature in order to reach consensus on the "will of the nation", but that the executive should implement such will and therefore it needed to be united. Thus, the executive, in the case of the presidential system, is vested in one person as opposed to the cabinet system, which takes the form of a committee of executives.

It is imperative to draw a distinction between executive authority and administrative authority. The administrative authority is seen in most instances as being a separate entity existing under the auspices of the executive, which has the responsibility of executing the policies of government. Members of the executive authority are appointed as political heads of what are called "portfolios".

Departmentalisation takes place according to the objectives, functions and services to be rendered by the administration. The government departments are structures or bodies of public officials called the public service. These bodies of public servants are not to be viewed as other separate authorities. Departments are separate identifiable groups of public officials who have the delegated authority from the real holders of authority to execute the policies of the legislature; although they are sometimes viewed as having real autonomous authority. Theories of public administration explain that these public servants are subject to acknowledgement of a particular set of values such as the observance of political and/or judicial supremacy, public accountability, honesty, justice and reasonableness.

Particularly in the countries with a relatively large and strongly developed private sector, an intermediate field has developed which is known today as the public enterprise or parastatal field. In this field public institutions adopt the methods of business rather than the non-profit and total government control approach that is so distinctive of government service deliver services. One of the most important issues

surrounding parastatal organisations is the degree to which government controls the economy via these organisations.

There are three ways of involvement in the economy. The government may act as a political agent through the enforcement of legislation, regulations and administrative prescriptions that serve to control and regulate economic activities and development. The government may also act as a political-economic agent and take positive steps to provide guidance and material support to initiate and launch economic viable enterprises. Government may act as an economic entrepreneur in the community in producing a variety of goods and services that are traded as particular services or goods on a commercial basis.

There is a wide spectrum of organisational forms of parastatals. Public enterprises are organisations trading particular goods and/or services that are wholly or partially owned or controlled by the state. Special regulatory bodies are often set up instead of ordinary state departments to regulate aspects of social and economic life.

Numerous public bodies on the periphery of government have been created to deal with scientific, cultural and economic matters. These bodies have been given a high degree of autonomy and are comprised of a wide and varied range of organisational structures. Parastatals can normally be analysed based on four criteria, namely the founding act, the appointment of a management body, the provision of capital and the control of parastatals.

## **POSSIBLE EXAMINATION QUESTIONS**

1. Explain the origin and nature of justice, the informal and formal sources of law, types of law and approaches to the application of law (60)

### **Points to be discussed:**

- The naturalistic and positivistic approaches to the nature of justice;
- Informal sources of law: ethical and moral values, customs or habits, needs and aspirations of groups, writings of jurists;
- Formal sources of law: constitutions, regulations and proclamations, judicial precedents, and treaties and accords;
- Codification;
- Types of law: public law, mercantile law, maritime law, civil and criminal law, domestic and international law;
- Approaches to the application of law: Roman-Germanic legal culture, common law legal culture, natural legal culture, and the socialist legal culture

2. Explain the composition and functions of the Judiciary (45 minutes)

### **Points to be discussed:**

- Appointment and dismissal of judges;
- Nomination of judges;
- Election of judges;
- Functions of the judiciary: applying the law, revision of legislation, serving on commissions of inquiry;
- Independence of the judiciary.

3. Explain the structure of, the nature of representation in, and the role of the legislature (60 minutes)

**Points to be discussed:**

- The structure: bicameral system, unicameral systems;
- Representation: geographical representation, proportional representation (Hare system and list system), and functional representation;
- Elected representatives: qualifications, disqualifications, and the role of elected representatives;
- Power-authority relationship between voters and the legislature: meaning of power, meaning of authority, voters and the legislature, organised interest groups and the legislature;
- Role of the legislature.

4. Explain the nature, types and function of the modern executive authority (30 minutes)

**Points to be discussed:**

- Nature and function of the modern executive authority;
- Types of executive leadership: inheritance, direct and indirect elected heads of state, and nominated heads of state;
- The structure and organisation of the executive authority: parliamentary or cabinet system;
- Advantages and disadvantages of the cabinet system.

5. Explain the presidential system of executive authority (30 minutes)

**Points to be discussed:**

- The basic characteristics of the presidential system;
- The advantages of the presidential system;
- The disadvantages of the presidential system;

6. Explain the public administration instituted for delivering public services (30 minutes)

**Points to be discussed:**

- Portfolios and government departments;
- The public service;
- Public administration in civic cultures: the merit system and the spoil system;
- Public administration in classic cultures (bureaucracy).

7. Explain why governments create parastatals, the ways in which they do this and how you would classify parastatals (60 minute)

**Points to be discussed:**

- Creation of parastatals;
- Government involvement in the economy;
- Government as political agent;
- Government as political-economic agent;
- Government as economic agent;
- Public business and industrial enterprises;

- Regulatory bodies;
- Benefactor agencies;
- Advisory and investigating organisations;
- Judicial bodies;
- Localised and co-ordinating government bodies;
- Educational and research bodies.

8. Explain the criteria according which parastatals can be analysed (30 minutes)

**Points to be discussed:**

- The founding act;
- Appointment of a management body;
- Provision of capital and the control of parastatals.



# CHAPTER FIVE

## THE MANAGEMENT FUNCTIONS

### STUDY GOAL

The purpose of studying this chapter is for the student to understand the meaning and principles of the various public management functions.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

- Decision making as the all-pervasive and most important management function;
- Policy-making as the most misunderstood and misused management function;
- Programming as the function of implementing decisions and policies;
- The organising function in public administration;
- The co-ordinating and communication functions;
- Control as the final link in the management chain of administration;
- Planning as management function for development.

### INTRODUCTION

In the previous chapter it was stated that the creation of government organisations emanates from the needs and common values of the public. Government organisations should be organised for satisfying the common needs within the framework of the common values of the public. Therefore government organisations are created with a purpose (goal or objective) in mind. Public administrators must never forget that their main task is to serve the public. That is why they are called “public servants”. In a liberal democracy satisfying the public’s needs and complying with their common values is the main goal and objective of any government organisation. The question now is: how do we manage these organisations so that they satisfy the common needs and simultaneously comply with the common values of the public? In other words, how and in what way do we steer these organisations towards satisfying the common needs and towards complying with the public’s common values? The answer is simple: by way of applying the management functions of public administration. The management functions of public administration are nothing but tools for steering and controlling the activities of a government organisation towards attaining its goals and objectives according to government policy. These functions are decision making, policy making, programming, organising, co-ordinating, communicating, control, planning and exerting leadership.

## DECISION MAKING

Decision making is the all-pervasive and most important management function, taking place in every sphere and at every level of the public administrative process. Decisions are taken at every level: by the legislature, the executive, the administration, the individual public administrator, and every civil servant at the lowest level of activity. Decision making is an omnipresent function in the life of every public administrator; his whole life moves around making decisions on everything he is doing and this may therefore be regarded as the most important management function in the public administration process. Decision making is neither policy making nor planning, nor programming. Simply stated, decision making entails making a choice between two or more alternatives, be it policies, goals, objectives, programmes, methods of financing, public values, public needs, or whatever matter or problem to be decided upon. It is the selection of a preferred course of action from two or more alternatives. If policy making is to determine “What to do (objectives), how to do it (strategy), when to do it (programme), who is to do it (organisation), and with what to do it (public resources)”, it must be closely linked to decision making, because choices must be made between two or more objectives, strategies, programmes, organisations and resources. It is after all through decision making that action is determined.

Decision making is a tool and a rational attempt on the part of the public administrator to determine and achieve the policy goals and objectives of his department/organisation. Decision making lies at the heart of the public administration process. The essence of decision making is *choice*. Choices can be active or passive. The choice of not taking any action is a passive choice. Active choices are making a choice to do something different from the status quo. Not only are we interested in considering those choices that result in change (active decisions), but also in those choices that result in the maintenance of the status quo (passive decisions). A decision to do nothing about a possible case or problem is actually a decision to change nothing and to keep on doing what we have been doing all along – the fact remains that we have made a choice. Even if one has only one option, the fact that one chooses to act upon such only option means that one has made a choice between that only option and nothing as the alternative option.

### The decision making process

To arrive at an optimum decision, at least five steps should be followed. The sequential order of the steps presented here is a simplification of the process. In actual decision making situations an orderly systematic process is rare. For example, several steps may take place simultaneously, undertaken by several persons in a research team. Nevertheless, to understand the decision making process we should discuss the steps of the process in a more or less logical sequence. The five steps are:

- *Ascertaining the need for a decision.* The decision making process begins by identifying the ‘problem’ on which to decide. If a problem exists, it means that there is an unsatisfactory condition in the activities of the administration. This is frequently expressed as a gap between what is and what should be, and represents the need for a decision to be taken. The nature of the problem must be thoroughly

researched and formulated. The unsatisfactory conditions and their negative impact on, for example, the public, the administration, public services or policy must be clearly identified and formulated. The need for a decision must be substantiated by facts.

- *Developing alternative solutions.* The next step is to identify and formulate alternative solutions. There is usually more than one solution to a problem. Since this step is only the enunciation of alternatives and avoids any evaluation of the choices, it draws on the public administrator's ability to visualise and comprehend a wide number of possible alternatives. It draws on the knowledge, skills, experience, judgement, creativity, ingenuity, the logical reasoning abilities and sometimes the intuition<sup>106</sup> of the public administrator.
- *Establishing decision criteria.* Once the need for a decision has been determined, formulated and substantiated, as well as possible alternatives identified, the public administrator must establish decision criteria. This requires identifying those characteristics that are important in making the right decision. Decision criteria may include the collective needs and common values of the public, the real (monetary) quantifiable and non-quantifiable social cost, the political sensitivity, and general public acceptability.
- *Evaluation of alternatives.* Once the alternatives have been identified and formulated, the public administrator must critically evaluate each one. The strengths and weaknesses of each will become apparent as they are compared to the established criteria. The alternatives should be enumerated in order of preference for delivering the optimum results offered by each alternative. The possible outcome of each alternative must be judged and weighed against factors such as possible public satisfaction and acceptability in terms of public needs and public values.
- *Selecting the optimum alternative.* The final step in the decision making process is, of course, the selection of the one alternative that will 'best' solve the problem as originally identified and substantiated.

These five steps represent the framework for all written presentations to higher authority for taking decisions. No public administrator can expect the higher decision making authority, for instance the executive, to take an intelligent decision on a scanty presentation that does not fully deal with each of these steps. The result of the process is not a decision but the thing chosen, be it a policy, a goal, a programme or a strategy.

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106 Intuition in philosophy is a form of knowledge or of cognition independent of experience or reason. The intuitive faculty and intuitive knowledge are generally regarded as inherent qualities of the mind. In Spinoza's philosophy, intuition is the highest form of knowledge, surpassing both empirical knowledge derived from the senses and "scientific" knowledge derived from reasoning based on experience. Kant regarded intuition as the portion of a perception that is supplied by the mind itself. Bergson contrasted instinct with intelligence and regarded intuition as the purest form of instinct.

### **Personal qualities for decision making**

Decision making in the public sector where party politics and social values and other unquantifiable factors play an important role is not easy. Sometimes irrational and emotional factors play an important role. However, it is expected from the professional public administrator to be as rational and scientific as possible. Sound decision making depends on the knowledge, experience, skills, judgement, creativity, ingenuity, the logical reasoning abilities and sometimes the intuition of the public administrator. Of these, the following qualities appear to be important for effective decision making: Knowledge and experience, data-processing skills (quantitative skills), good judgement, creativity and ingenuity, logic and reasoning abilities, and in some difficult cases intuition.

- *Knowledge and experience.* It is logical to accept that acquired academic knowledge combined with experience increases one's ability to perform. The concept of academic qualifications combined with years of applying such knowledge determines the worth of a public administrator for his organisation and this should be reflected in his pay and advancement to higher positions of decision making authority. A knowledgeable and experienced public administrator can assess why a certain action in the past succeeded and then attempt to repeat it in similar future situations. Experience plays an important role in any decision making at any level. Experience leads to the development of specific responses that are demonstrated by habit without hesitation in a particular situation.
- *Good judgement.* Good judgement is the ability to evaluate information wisely. It is based upon the public administrator's common sense, logic and ability to reason, maturity and experience. Those public administrators who have good judgement demonstrate it by their ability to perceive critical information, weigh its importance and evaluate it. In a decision making context, we can say that judgement allows drawing a conclusion based on experiences and the available information.
- *Creativity and ingenuity.* Creativity and ingenuity – the skill to invent and devise something new without precedent – are the qualities that significantly differentiate good decision makers from poor ones. Why do successful decision makers need these skills? Simply to formulate adequate problem identification and formulation, to develop alternatives, enrich possibilities and imagine consequences that cannot be based on experience of similar historical examples. The creative public administrator is able to more fully appraise and understand a new problem, including seeing problems others cannot see. However, the most obvious value of creativity and ingenuity lies in the development of alternatives where one cannot draw from experience. One cannot deny that diligence and imagination must form part of a creative and intuitive character of an intelligent public administrator. Imitating what others have done in the same circumstances represents a common approach of following precedents. This can only apply to routine problems frequently experienced. Non-routine problems require innovation and new alternative solutions. Creativity and ingenuity are the ability to find original and unique alternatives for the solution of new problems. Only public administrators with an above average intelligence have the qualities of creativity and ingenuity.

- *Logic and reason.* Intelligent public administrators are born with a mind that has the ability to reason and to draw logical conclusion from natural facts. The faculty of logic and reason comes naturally, but can be improved by education and practical experience. The value of these traits in decision making is the ability to draw inferences from the facts of the problem and to come to good conclusions.
- *Data-processing skills.* The processing of data concerning the problem, of the alternatives and possible outcomes, such as processing the real cost and benefits as well as the non-quantifiable social cost – the social and political impact of alternative solutions to a problem, is paramount in the decision making process. *Cost-benefit analysis* is one of the important techniques for evaluation. The personal computer makes the devising of data-processing models for this purpose easy. Computer models can even be devised to evaluate non-quantifiable social costs by adding weights to such factors inferred from, for instance, opinion polls and data-gathering questionnaires. Quantifiable data can be obtained from population statistics from the state's statistical services, revenue statistics from the state's revenue services and economic indicators from the central reserve bank. These can all be processed for the purpose of decision making. It is almost inconceivable that the professional public administrator of today need not be computer literate. Data-processing skills through computer models are imperative for sound decision making.

### **Decision making power**

Referring back to the section on the principles of administrative law – see Chapter Three – it must be remembered that every decision maker must have the legal authority to make a decision. This means the decision maker must have the legitimate “power” to make a decision. The delegation of discretionary decision making power is indeed the purest form of delegation. Delegation of decision making power without discretion is not delegation of power to make a final decision. There are specific preconditions and general guidelines that should be observed when delegating decision making power. There is also the question of what should be delegated and to whom it should be delegated. Decision making power goes hand in hand with the delegation of operational authority, i.e. the delegation of functional/operational activities that is part of the organising function. The two cannot really be separated. No public administrator can execute his operational activities properly without the concomitant decision making power.

### ***Preconditions for successful delegation of decision making power***

The most important preconditions are the following:

- The structure of the organisation must be in place and should be scientifically structured according to universally accepted public organisational theories and principles in order to apply delegation sensibly. The delegation of the operational authority, with the objective of realising efficient and effective government an administration, must already be in place.

- An absolutely mutual trust must exist between the delegator and the delegee. When, for instance, the executive delegates decision making power to any of its subordinate institutions or public administrators, the legislature must trust them completely. The delegator should never breathe down the delegees' necks and peep over their shoulders to ascertain whether the delegated power has been executed properly. There are proper control measures and control institutions that may be instituted for this purpose. On the other hand, the subordinate institutions and public administrators should never abuse their delegated power and defy the trust put in them to wriggle into a more powerful position *vis-à-vis* the delegator. Solidarity should always prevail within the organisation and the constitution or the legislature's supreme authority should always be respected. The precondition of mutual trust and solidarity should apply in all circumstances among all institutions and officials within the organisation where delegation applies.
- The delegee must command the necessary knowledge and skills to execute the delegated decision making power efficiently and effectively for the benefit of the public. There is no sense in delegating aspects of a specific professional nature to another profession. Decisions on accounting matters cannot, for instance, be delegated to a medical doctor.
- The delegees should not only command the necessary knowledge and skills required, but must also be prepared to accept the responsibility for the delegation and also the accountability for the results of their decisions. When there is a risk in executing the power, delegees should never refer matters to the delegator simply to escape their responsibility and accountability. If this happens, the objectives of delegation would be frustrated.
- The delegator must accept that delegees can make mistakes. Only people doing nothing do not make mistakes. If the delegator loses his trust in a delegee because of one bona fide mistake, it can be detrimental to efficient and effective government and administration. Under such circumstances delegees would not be willing to take any risks attached to execution of their delegated decision making powers. In such a case of mistrust, every case will be referred to the delegator to take the decision himself. As is the case with the previous precondition this will likewise frustrate the objectives of delegation. On the other hand, delegees should not be afraid to acknowledge their mistakes and to rectify them. Wise public administrators learn from their mistakes. However, a regular repetition of mistakes proves the delegee's incompetence. In such a case any delegation should be withdrawn, or someone competent should replace the incompetent delegee.
- The decision making powers to be delegated must have a statutory origin. This means that only those powers conferred upon the delegator by the original authority are to be delegated. This refers to those decisions where the constitution or legislation provides that: "The legislature or executive or minister *shall...*" or "The legislature or executive or minister *may...*" do this or that – the so-called **mandatory** (obligatory) clauses and the **enabling** (discretionary) clauses that should be considered for delegation.

- The delegator must have the legal power to delegate the decisions imposed upon it by the constitution or legislation to subordinate institutions or officials. This precondition applies to every institution, such as the legislature, the executive, a minister or a public administrator, where delegation to subordinates takes place. See the rule *delegatus non potest delegare* cited above under the “Principles of Administrative Law” in Chapter Three.

### ***Principles for delegation of decision making power***

The following principles may serve as general guidelines for delegation of decision making power:

- The power delegated must be enough to allow the delegatee to realise the results expected from him. Public administrators are generally given sufficient work to do. The prime difficulty is usually the lack of power to make the decisions needed to carry out the work.
- The task, functions and power assigned to positions must be clearly defined and be in writing. In other words, there should be proper job descriptions and job specifications for each position/post. A delegatee must act within the limits of his delegation. It therefore, follows that what is delegated must be clearly defined, also to prove the delegatee’s authority to further delegate to his subordinates.
- The way in which delegated decision making power must be executed should be clearly defined and be in writing. Clearly defined and well-considered work procedures are necessary for sensible and orderly execution of an organisation’s activities and programmes. Prescribed procedures and work methods are necessary to determine accountability. It follows, therefore, that the aforementioned aspects in the case of delegation should also be in writing. Nobody should be in doubt about his delegated power. It would be unfair to delegate power to somebody without informing him clearly on how such person should act to execute his delegated power. (Procedures are usually contained in the relevant legislation, regulations and by-laws – i.e. the operational policy.)
- The results/outcome expected must be clearly defined. It would also be unreasonable to delegate power if it is not clear what the expected outcome should be. General objectives and targets are usually defined and contained in budget programmes. Specific objectives and targets applying to each position/post should be clearly defined in the job descriptions.
- The power to execute an order or assignment to its logical end demands that the delegated decision making power should be vested as near as possible to the point of execution. It follows, therefore, that to reap the full benefits of delegation, decision making power should be delegated to the lowest management level possible.
- Where decision making power has been delegated, the delegatee must be allowed to use his discretion and take his own decisions and must not unnecessarily refer matters for decision to the delegator. The maintenance of intended delegation requires that decisions within the authority competence of a person, be made by him and not referred upward in the organisation structure.

- Once decision making power has been delegated, the delegator must resist the temptation afterwards to take decisions on the delegated matters. If discretion to make a decision is properly delegated, the superior must resist the temptation to make it himself.
- The delegee remains accountable to his superior, for instance, the executive to the legislature, the minister to the executive and the chief executive officer to the minister and so forth. The one who delegates is still held accountable by his superiors for the overall mission for which he is responsible. The delegator cannot escape his obligations and responsibilities imposed upon him by the legislature or executive by further delegating it to another of his subordinates. A delegator may delegate, but cannot abdicate his accountability.
- The delegator may at any time withdraw his delegation and take the decision himself. This right can be executed only in the case of unfinished matters. When the delegee has completed a matter, the delegator cannot reverse the matter, except under very special circumstances – for instance, where a member of the public has suffered severe loss because of the original decision.
- When a delegee executes his delegated decision making power, he acts instead of the delegator and the delegator cannot summarily reject the decision of the delegee.
- The institution or person delegating – the delegator – cannot delegate a decision making power he does not command or possess. Therefore, the legislature can delegate only those powers assigned to it by the constitution, and the executive only those powers assigned to it by a law of parliament (the legislature), and the chief executive officer only those powers assigned to him by executive proclamation or decree, on condition that the relevant legislation allows for such delegation!
- A delegee may further delegate a decision making power delegated to him only if he has been specifically authorised by the original delegator to do so. The rule *delegatus non potest delegare* applies here. One who has a bare power of authority from another to do and act must execute it himself and cannot delegate his authority to another; for this is a trust or confidence placed in him personally, unless he is permitted to do so. The relevant legislation (constitution, law or regulation) must, therefore, empower an institution or person to delegate some of its decision making powers to a subordinate institution or person. In turn, the delegee must be authorised by his delegator to further delegate some of his delegated decision making powers if necessary.
- The delegee must accept responsibility for the decision making power delegated to him and must act within its limits. The delegee must act within the scope of the authority granted by the delegator.

### **What should be delegated?**

The most difficult matter to decide is what precisely should or ought to be delegated and to which level of authority should it be delegated. Here one must distinguish between matters of routine that should be executed within the limits of prescribed orders and procedures (*mandates* and *ministeriums*) and discretionary decision making power.



It is obvious that any government must employ officials to execute the routine operational activities arising from its statutory functions. It is therefore self-evident that the various government departments (agencies) and sub-departments have an automatic mandate to execute these functions related to the specialist operational activities allocated to such departments (agencies) or sub-departments by way of the approved organisational structures of the whole government system and the job descriptions of every civil servant and public administrator. The execution of these operational activities, however, is subject to the policies and decisions of the legislature and the executive, because the original power has been assigned to the legislature by the constitution. What matters here are the decisions on the execution of the operational activities assigned to every government department (agency). This means that the legislature or the executive must decide what decision making powers should be delegated and to whom and what should not be delegated. To decide this matter the various decisions must be classified according to specific criteria. Here one must distinguish between *high-level*, *middle-level* and *low-level* decision making power. In the public sector these levels usually correlate with the *legislative level*, the *executive level* and the various *management levels* (top, middle and lower) within the government system.

### ***The high or legislative level***

High-level decisions are those with a large or broad framework of reference. A large framework of reference is one where a decision has a broad impact on the human environment. This is where a great number of individuals (external and/or internal) are involved and where the interests of a great number of individuals may be influenced negatively or positively. *Externally* the decisions normally affect the rights of the whole public, or a great number of individuals or even a single individual. Examples are the raising of taxes, approval for the expenditure of such taxes and other high-level political policies. The extreme example is a declaration of war. For these reasons a constitution should never allow the legislature to delegate its legislative authority or the declaration of war, nor its taxing authority and the approval of the annual budget to a lower-level authority, not even to the executive authority.

### ***The middle or executive level***

Normally one finds executive decisions at the middle level or executive level as distinguished from the high-level policy decisions at the legislative level at the top and the operational decisions at the administrative level at the bottom. These are decisions with a smaller frame of reference than those of the legislative level, but larger than those of the administrative level. The delegated decisions of the executive level should be those with a smaller impact on the rights of individuals and the public at large. They should be decisions aimed at the execution of the policies of the legislature. The executive authority has indeed a dual function. The *first* is to investigate matters and to make recommendations on these matters for decision by the legislature. The *second* is to make specific decisions for executing the policies and decisions of the legislature. To execute this function, discretionary decision making power with a smaller impact,

aimed at executing the policies and decisions of the legislature, must be delegated to the executive authority.

### ***The lower or administrative level***

The administrative level may be divided into three management levels: *top management*, *middle management*, and *lower management*. Figure 5 is an attempt to depict these three management levels of the administration, which may differ from department to department. The Minister, who is a politician and a member of the executive authority, is actually appointed by the head of state to “administer” what is called a portfolio. One or more government departments undertake the administration of a portfolio and execute government policies. The minister is regarded as the so-called *political head* of a portfolio. The administrative head of a department is usually a professional public administrator. He may have different names in different countries, such as secretary, secretary-general, or director-general, and is generally referred to as the chief executive officer (CEO) of a department. A deputy chief executive officer usually supports the chief executive officer. These three office bearers form the top management.

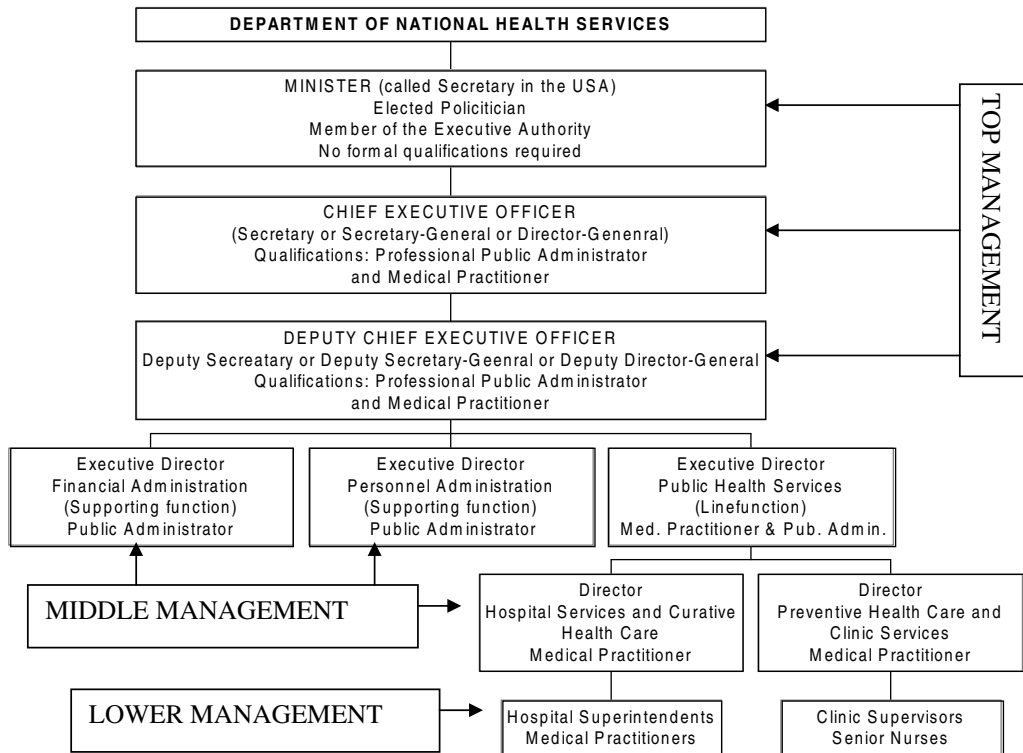
The executive directors and their directors for the so-called supporting functions and for the line function of the department form the middle management. It may be the personal choice of the CEO whether the executive directors should form part of the top or middle management level. They act as advisers to the top management, while they simultaneously oversee the execution of their various directorates’ activities.

The superintendents and supervisors at the third level in our example in Figure 5 form the lower management level and are responsible for managing the activities of their hospitals and clinics.

It is at these management levels where things really happen. This is where the services affect the public at ground level. It is here where government policy fails or succeeds; therefore, operational and discretionary decision making power should be delegated in very clear terms. It can be both in the form of mandates or ministeriums. The mandates and ministeriums are indeed the routine activities for executing the decisions and policies of the legislature and the executive. Here the operations take place strictly within the limits of the legislature’s policies and the executive’s policies as contained in laws, regulations, and white papers. It is, however, necessary to delegate discretionary decision making power to these management levels in the administration for the proper execution of these routine operational activities.

The crux of the matter when deciding what should be delegated and what should be reserved for the delegator (legislature, executive, minister or CEO), is to treat every operational decision making power considered for delegation on its own merits. Apart from the aforementioned preconditions and guidelines, no fixed rule can be laid down. Every case should be considered on merit and in the light of the availability of competent persons in the organisation. As long as the objectives of delegation are kept in mind, one must rely on the prudent judgement of the delegator and the integrity of its subordinate advisers. The administrative level is the operational level. It is here where every operational delegation must be accompanied with a discretionary decision making power for efficient and effective administration.

**FIGURE 5: THE ADMINISTRATIVE OR LOWER LEVEL**



### Control over delegated decision making power

In the public sector the highest authority remains in the last instance accountable for the results of all operational activities and decisions of its subordinate institutions and officials, irrespective of the nature and form of delegation. The legislature remains accountable to the voters for the results of all operational activities and decisions of its delegates. The legislature can delegate, but can never abdicate its accountability towards the voters. This applies to every level of the government process. Every delegatee must periodically account for the results of all the activities under its control to a higher authority, of which the voters are the most important. It follows therefore that every delegator, from the legislature down to the lowest level, should always exert control over the operational and decision making power delegated to its subordinate institutions and officials.

If a delegator is not satisfied with the way in which its subordinates execute their delegations, the delegator is obliged to review such delegations. This rule applies to every level in the macro-organisational government hierarchy. Every delegatee, be it the executive authority, a minister, a chief executive officer or executive director, directors or supervisors, must account to their delegator on the results of their delegations. A delegator can exert control in several ways. For instance, *ratification*, *reporting*, *appeal*, *auditing* and by *prescribed procedures*.

- *Ratification.* Some exponents of the science of public administration present ratification as a control instrument. With *ratification* or *confirmation*, it is expected that the results of the delegated decision making power must be periodically submitted to the delegator for approval. Because the action has already been executed or the delegee has already taken the decision, ratification is a very ineffective control instrument. If the delegator wishes to reverse a decision already taken and action already executed in terms of the decision, he might find himself facing a complicated lawsuit. Practical legal questions arise when a delegee exceeds his power in executing his delegation and the delegator then wishes to reverse the decision or action. It might happen that a member of the public obtained some rights and benefits because of the execution of a delegated power. Then the question arises whether the delegator may or may not reverse such action or decision. Strictly speaking, the action or decision is invalid if the delegee has exceeded his power. In such a case the delegator may declare the decision and action invalid. Such a strict application of this rule may lead to an injustice or inequity. Therefore, the Courts have already ruled that in the case where a third party has already obtained benefits or rights because of the executed delegation, a delegator may not reverse the situation. If the delegee acted strictly within his power a delegator can under no circumstances reverse the situation. From this rule it can be deduced that in the case where a member of the public did not enjoy or obtain any rights and benefits from the execution of the delegated power, the delegator may reverse the situation. If a delegator should rule that all decisions aimed at the operational activities of delegees must first be submitted to the delegator for approval, it would mean that the delegator did indeed delegate nothing. Ratification as a control instrument should therefore be avoided if possible.
- *Reporting.* To protect himself, the delegator may periodically demand from delegees to report to the delegator on the results of their delegated decision making powers in such a way as to keep the delegator informed. The delegees, who are supposed to be the experts, can complete the complicated activities in terms of their delegated powers and keep the delegator informed through regular reporting to allow the delegator in turn to account to his superiors. Regular reporting also allows the delegator to keep an eye on and to scrutinise the execution of the delegated powers. If it appears that the delegated powers have been abused, the delegator should withdraw them immediately. The delegator may execute the activity, take the decision self, or delegate it to someone more competent. It is obvious, however, that it will not be necessary to report on that portion of the delegated powers that form part of the daily routine activities executed in terms of a *mandate* or *ministerium*. It would be an impossible administrative exercise to report on all decisions and concomitant activities, including the less important ones.
- Of course, it is very difficult to decide which decisions are important and which are not. *Importance* is a relative term and is subject to subjective interpretation. Decisions on practical 'routine' activities executed in terms of a *mandate* or

*ministerium* will in all probability be regarded as less important and therefore not necessary to report on to the delegator. Reporting to the delegator should only take place in the case of powers delegated to the executive level and the top and middle management levels.

- *Appeal.* Appeal is an important control instrument. Rules and procedures for appeal to the delegator should be promulgated in the form of laws, regulations, and by-laws. These rules must allow any person or institution, which believes that he has been harmed or his rights have been jeopardised, to appeal to the delegator or even to a court of law if necessary. If appeals occur frequently and are upheld by the delegator or court of law, it means that the delegee is not competent to execute the delegated decision making power. In such circumstances, the delegated decision making power should be withdrawn.
- *Auditing.* Auditing is an effective instrument for the control of delegated decision making power. The problem with external or *ex post facto* auditing, for example by the Office of the Government Auditor, is that it is executed long after the decisions have been taken and the activities executed. This kind of auditing usually only concentrates on financial matters. This means that only those delegations related to financial matters will be audited. This does not mean that it is an ineffective control instrument because it is executed *ex post facto*. It can still determine which delegee is not competent to execute his delegation properly concerning finances. However, what is needed is an *a priori* system of *internal auditing*. An internal auditor specifically appointed for this purpose and who continuously investigates the execution of all delegated powers may determine at an early stage whether delegations are executed properly and within the prescribed rules.
- *Supervision and inspection.* Supervision and inspection at the executive and the lower administrative (management) levels provide many opportunities to determine whether the delegees at the lower levels have executed their delegations properly. In this case the supervisors and inspectors should be very careful not to disturb the common mutual trust between the delegator and the delegee. Care should be taken not to constantly breathe down the necks of the delegees and peep over their shoulders, thereby creating the idea of mistrusting the delegees. Periodical inspections according to predetermined programmes may contribute much to the proper execution of delegated decision making power.
- *Procedure manuals.* It has already been mentioned that job descriptions and job specifications of employees should be accompanied by the prescribed work procedures. By prescribing procedures on exactly how the delegated power should be executed, one may secure its proper execution, or at least facilitate its auditing. While officials are still inexperienced and in the process of training, provisions may be made for *a priori* approval. When officials are well trained and skilled, the *a priori* approval should immediately be relaxed or completely rescinded. *A priori* approval should only be used as an in-service training instrument. If *a priori* approval becomes a permanent control measure, *then in fact no delegation of power exists!*

In conclusion, one may state that any limitation on the execution of delegated decision making powers should be limited to the absolute minimum in order to allow the maximum flexibility in the management and administration of the activities of a government organisation or institution. Decision making power should be delegated as far as possible to the level where the actual operational activities take place, but then effective control measures should be instituted. Legislation normally provides only the broad framework and general guidelines according to which delegation may take place. Where problems are experienced, the reason usually lies with stipulations in the relevant legislation such as laws, regulations and in prescribed codes of procedure. However, it should always be born in mind that multiple and dissimilar situations may be experienced in practice. It would be impossible, therefore, to provide for every possible practical situation that may occur through legislation. The delegation of operational decision making power is an ongoing process that should continuously be reviewed and adapted to the ever-changing circumstances. Government organisations are dynamic institutions, continuously adapting to the changing political and constitutional circumstances and changes in its activities according to public demand.

## POLICY MAKING

The term policy is the most misused and misunderstood term in public administration. In practice, it is loosely used without any thought of what is meant. Sometimes it is abused to cover-up administrative defaults; for instance, a clerk may respond as follows: “It is not the department’s policy to acknowledge the receipt of letters from the public”, when a member of the public complains about the receipt of his letters not being acknowledged. The policy process is a complicated one and not the same as decision making and programming. It consists of a separate process of considering alternatives at various stages and levels with decisions taken at every stage and level. Decisionmaking is one of those management tools used right through all the stages of the public administration process even in the policy-making process.

Many attempts have been made to define policy. The following are offered by Fox and Meyer:

- a guide to *action* or a statement of *goals* that should be followed in an institution to deal with a particular problem or phenomenon or a set of *problems*;
- a guide to *action* that should be followed by individuals in the organisation in order to provide consistency of decisions;
- *goals* and *objectives* within a given situation and the *methods* to realise the objectives of a public authority. Various types of policies may be recognised, e.g. political policy, strategic policy, operational policy, functional policy, and long- and short-term policy;
- statement of *goals* and *intentions* with respect to a particular *problem* or set of problems.<sup>107</sup>

These cryptic definitions all refer to *problems*, *goals*, *objectives*, *intentions*, *methods* and *actions*.

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107 Fox, William & Ivan H. Meyer, 1995, *Public Administration Dictionary*, Cape Town, Juta, p. 99.

The simplest definition of policy-making thus means to identify a *common need* or *problem* of the public and then to decide *what* to do about it (setting goals and objectives), *how* to do it (formulate a strategy), *when* to do it (compiling a programme), and *with what* to do it (preparing a budget) and to implement the policy to eventually provide for the common needs or to eradicate the common problem.

Policies do not hang in the air and are not made simply for the sake of having a policy. Policies must be connected to the common needs of the public and must comply with the common values of the public. Policies must address the problems emanating from the common needs of the public; for instance, the need for housing for the poor, or the eradication of poverty. The government may decide to provide housing for the poor to liberate them from the miserable conditions of the shacks and shantytowns they live in. That is the *what-government-is-going-to-do* part of the policy (the goals and objectives). On *how* to do it (the strategy), the government may decide to undertake housing projects itself, through its department of housing, or by local governments as its partners, or to call for tenders from private building contractors to develop townships and build sub-economic houses under contract with the government, for rent or sale to private individuals. The urgency of the need for housing will determine *when* the housing must be provided; this will entail a programme of implementation over a specific period, setting targets for each time segment of the programme. The next thing to decide is *with what* is the government going to build houses for the poor. The only answer here is with money, either from income or from loans. This implies the compiling of a programme budget reflecting the objectives, the targets, the cost involved, the way of financing the projects and the way of recovering the cost. This, briefly, would constitute the complete housing policy of a government put in a very simplistic way.<sup>108</sup>

### Policy analysis

Policy analysis can first be defined as an applied discipline that produces knowledge of and insight into the policy process. It uses multiple methods of research to analyse common public problems, needs and values to provide policy makers with relevant information about policy alternatives and their implications. This is the *a priori* application of policy analysis for supporting the policy-making process. It in fact forms part of the policy research and formulation process.

In an *ex post facto* sense policy analysis is used in the control process for judging the outcome of implemented policy. As an outcome-measuring tool in the control process it measures programme effectiveness, quality of results, costs and general impact of the execution and evaluation of public policies programmes and for feedback on results to the appropriate policy-making level for review and correction of the existing policy, if necessary. Analysis of implemented policy outcomes is indeed part of the control process.

Formulating a draft policy for consideration requires much research and the gathering of relevant data and information. In the case of housing for the poor, it would for instance require: the need for defining the poor; a detailed survey of the

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108 For a more elaborate discussion and explanation of public policy see Cloete, F & H Wissink (eds.), 2000, *Improving Public Policy*, Pretoria Van Schaik Publishers.

extent of the housing needs of the poor; the size, type and the number of houses needed; the construction cost involved; the need for and cost for municipal services; and a lot of other relevant data, in order to take decisions on a final housing policy.

### **Policy levels**

Because it is such a complicated process, policy making has a long road to travel before it actually reaches the implementation stage and delivers results at grassroots level. There are at least four levels through which the policy-making process must proceed before the policy can actually be implemented. There are also many interest groups to be consulted. Sometimes it can be a prolonged process that requires patience from those eventually affected by the implementation of the policy. Many problems concerning the public's common needs are complicated and can only be alleviated or eradicated in the long term. There is, for instance, no short-term solution for eradicating poverty. Alleviation of poverty by government cash handouts provides no permanent solution; development is the only permanent solution and can take considerable time to produce positive results. The policy-making process must pass through the following policy levels before it can reach its final stage for implementation: the political party level, the legislative level, the executive level and the administrative level.

#### ***Political party level***

Political parties are formed and established to compete with each other to become the ruling party and to form the government of the day. This is the only way in which their election promises, based on their so-called election manifestos, can be fulfilled. Their election manifestos are in essence a cryptic summary of the policies they support and promise to implement when they come into power. Some political parties have elaborate expositions of their policy proposals on their private Internet websites for any interested person to scrutinise. Through their election campaigns, they promote these policies and promise the public that if they support them to come into power, these policies will be converted into government policies and implemented to eradicate and alleviate their common problems.

It stands to reason that, under normal and fair election circumstances, the political party with the policies that best address the problems and needs and that best suit the common values of the public stands the best chance to win the election and become the government of the day. Winning the election is not the end of the road in the policy-making process. The winning party now has the formidable task of converting its party policies and election promises into government policy. Therefore, the next step is to convince the legislature to convert the ruling party's political policies into *government policy*. In many instances, political parties find that they cannot fulfil all their election promises.

#### ***The legislative level***

Referring back to the principles of constitutional and administrative law, one must remember that the legislature is, in terms of the constitution, the highest policy-making and decision making authority. In a liberal democracy the constitution is the



highest authority and the legislature can make policy and adopt laws only on matters authorised by the constitution. Because it would be too time consuming and cumbersome for the legislature to legislate on every detail of policy matters, the constitution should allow the legislature to delegate some of its policy-making authority to, for instance, the executive authority or even directly to a minister. The executive authority and/or the minister must also be authorised to delegate further down the line to the chief executive officer. This chain of policy-making delegation is imperative, because the legislature cannot include every detail of the implementation and operational parts of the policy in one law. For a successful outcome, the executive part must be left to the executive authority, the implementation part to the minister and the operational part to the chief executive officer.

Laws are the instruments for stating public policy. Every law controlling the execution of some function for the delivery of some service is actually a statement of the government's policy on the specific matter. If properly compiled, a law should contain the broad framework of the policy. It should at least contain the goal and objectives, indicate which government department or parastatal shall be responsible for executing such function, or, if needs be, create a new department or parastatal for such purpose. The law may also include a broad outline of the programme, the way in which it should be financed and it may even prescribe some broadly defined control measures. The policies contained in laws adopted by the legislature are generally referred to as *government policy* and should reflect the ruling party's political policies.

### ***The executive level***

The executive authority should concentrate more on the implementation/execution aspects of the government policy as contained in the relevant law. It should be concerned with the detail not contained in the law on, for instance, the strategy, the programme, the financing and the control measures. The executive authority should decide on a broad executive framework guiding the implementation of the policy by the minister and his department. Sometimes a minister is authorised to issue regulations to regulate the execution of the policy. These regulations contain the details that could not have been included in the law. Normally the minister would seek the approval of the executive authority for these regulations and is in most cases obliged to lay them before the legislature, not for approval but for their information only. However, we must remember the rule that the delegator (the legislator) may withdraw its delegation if not satisfied with the contents of the regulations (executive policy) and may command the executive to review it. The regulations then contain what is generally referred to as the *executive policy*.

### ***The administrative level***

The administration represented by the government departments and their chief executive officers responsible for executing policies are directly responsible for the implementation of the policies and reporting regularly on their outcome. The law (government policy) and the regulations (executive policy) issued in terms of the law are their guidelines for implementation. They have no choice but to strictly adhere to these prescriptions. The chief executive officer must fill in the administrative detail for

implementing the policy. This concerns the detail on the day-to-day activities of the implementation. It is necessary that authority should be delegated to the chief executive officer to take the necessary decisions and to issue mandates to his staff for implementation. It is also necessary for the chief executive officer to have the power for further delegation of the operational activities and concomitant decision making powers to the personnel responsible for the operational activities of the policy programme. The decisions, mandates, and ministeriums, associated with job descriptions and job specifications,<sup>109</sup> issued by the chief executive officer represent the *administrative policy* that contains matters of *implementation* and of *operational* aspects.

### **The policy making process**

In the public sector policymaking can be a long process with several phases, namely the initiation phase, the research and analysis phase, the formulation phase, and the approval phase. (Policy decisions cannot be taken by the rule-of-thumb technique.) The policy-making process is actually both a top-down and a bottom-up process. It may be initiated at the top and fed down to the expert public administrators for research and formulation, with the draft policies finding their way back up to the legislature for final approval.

#### ***Initiation phase***

It stands to reason that someone or some organisation must take the initiative to start the policy-making process. It should also be obvious that the ruling political party should be the main initiator in the policy-making process, simply because the ruling party won the election and now has the official authority and mandate from the majority of the voters to implement its party's policies and election promises. To implement these means to convert them into government policies. The normal procedure would be for the ruling party's caucus to discuss the policy matter and refer it to the executive authority for consideration. As member of the executive authority, the relevant minister would then take charge of the instruction. The minister should then refer it to his expert professional public administrators to take it through all the subsequent phases up to a point where a draft policy in the form of a White Paper or a Bill is prepared for consideration, first by the executive and then by the legislature.

The fact that the ruling party has all the power does not mean that private members of the legislature or opposition parties cannot initiate policy making. The rules of Parliament sometimes make provision for individual members or opposition parties to table Bills on policy matters they support for consideration by the legislature. Opposition parties and individual members are in fact part of the legislature and should have the right to do so. Unless their proposals are moderate, politically not very sensitive, and of general interest to all, opposition parties have a slim chance that their policy proposals would succeed, especially when they diametrically oppose government policy. By adopting such policy proposals from the opposition, the ruling party actually admits the weakness and flaws of its policy on the same matter; therefore, it will always oppose them rather than admit their weakness.

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109 See the section on the principles of administrative law above.

Tabling such proposals by opposition parties may well be done for propaganda purposes to bring their views into the public limelight; by forcing the legislature to discuss such proposals in public, they at least succeed in bringing their views to the attention of the news media and the public, hoping for a growth in support.

Private interest groups, NGOs and private individuals can also play an important role in policy initiation. Organised agriculture, industry, business, even organised sport, private welfare and cultural organisations are all lobby groups always seeking favours from government. They usually approach the relevant minister or the chief executive officer of the department concerned with their needs and their problems and try to convince them of the need for a new policy or a change in policy concerning the matter of their problem. The government sometimes forms temporary or permanent consulting groups to discuss and recommend policy or policy changes on common matters, for instance a consulting group consisting of members of organised business, organised labour and members of the relevant government department, to recommend new labour policy.

Every seasoned politician and public administrator knows the important role that public administrators play, not only in initiating policy making, but also in making and implementing policy. Precisely because they are supposed to be the expert professionals in policy making and policy analysis, public administrators are the close advisers of their ministers in the executive authority and even committees of the legislature. Because they are the implementers of government policy, they are in the best position to analyse the outcome of government policy and identify the negative and positive impact of such policies on the human and natural environment. If not the original initiators of policy, the public administrators are at least the initiators of policy changes or of new policies flowing from existing policy implementation.

### ***Research and analysis phase***

The research and analysis phase may be regarded as the most important of the whole policy process. It is here where objective scientific analysis plays the key role and where the professional public administrator's role, as a knowledgeable and skilled policy analyst, is of the utmost importance. The eventual success or not of a policy depends on the quality of research and analysis in this stage. It makes sense, therefore, that the public administrator responsible for policy formulation must be a well-qualified policy analyst and social researcher.

One must bear in mind that almost every problem has a variety of possible solutions that should be weighed against each other. Take, for instance, the problem of poverty. Every political party in its right mind should have the alleviation and permanent eradication of poverty as an *objective*; everyone will promise the voters that they will relieve them from poverty. However, there may be different *strategies* for alleviating or eradicating poverty. For instance:

- a *communist party's strategy* would be collectivism with all production factors owned by government and every economic and social activity under central government ownership and control, and government jobs guaranteed with free social services from the cradle to the grave for everyone;

- a *democratic socialist party's strategy* would be free social services such as education and health services for the poor and government handouts to the poor by way of social pensions for the aged, disability grants to the disabled, welfare allowances for the poor and unemployed, children allowances for the children of the poor and job creation through taxation;
- a *democratic free-market economy party's strategy* would probably be the development of a *free social-market economy*. This would be a strategy where enough money can be generated for short-term relief of poverty by free social services and limited and temporary government handouts to the poor, with a simultaneous effort of real economic (industrial) development and social development for full employment and permanent eradication of poverty.

In considering these alternative strategies, however, both the disadvantages and advantages must be considered. On the cost side of the equation, both the social cost and real cost of each possible strategy must be calculated and considered. Social cost is almost not quantifiable, while the real cost is usually quantifiable in money terms. The social and financial impact on society must be considered. Another important factor to consider is whether enough well-qualified and skilled public administrators and other skilled civil servants are available for implementing the policy programme; in other words, the need for personnel with specific knowledge and skills must also be considered.

The calculation of the comparative real cost in monetary terms is an easy exercise. The real problem lies with calculating and evaluating the comparative social cost of each of these strategies. Let us consider the possible social costs or advantages of each of the above-mentioned alternative strategies.

- In a *collectivist system*, where all decision making power is centralised and every worker lower down the hierarchical bureaucratic structure is not allowed to decide for himself and responds only on instructions from above, individuals virtually turn into zombies acting like programmed robots. It is a system where the educated, skilled and intelligent professional is paid the same wages as the less intelligent, unskilled artisan. There are no incentives for personal development. The system kills personal ambition, initiative, innovative minds, reason and logic, all traits of a fully developed person. In short, it kills individualism; it kills the soul in man. The cumulative effect of this is negative equality, i.e. equality at the lowest level – everyone is socially and economically equally poor. On the economic front, it fosters negative productivity with the lowest comparative levels of GDP output per capita. The only possible social advantage of collectivism is that everybody is employed; otherwise, no permanent social advantages are generated.
- In a *democratic socialist system* with its mixed economy, private ownership and production exist alongside government ownership and production. It is further characteristic of government intervention in the social and economic life of individuals with a heavy progressive income tax system to generate enough money for government cash handouts. Social welfare grants, social pensions, disability allowances and child allowances are mostly used for buying votes from

the poverty-stricken mass. The social downside of such a policy is that the poor sink further away into misery and distress sitting around doing nothing, producing more children in distressed circumstances for more income and waiting for the government to provide. It also produces a mentality of entitlement, a mentality that the government owes the poor a living. Such socialist policies provide only temporary relief and no permanent solution to poverty. Feed a person today and he will be hungry again tomorrow and expects government to keep on feeding him, with the hardworking productive part of the community becoming the sacrificial victims of the lazy and the useless. In relatively poor countries, this will eventually eradicate the small productive part of society and drag everyone down into the doldrums of poverty and distress. What a tremendous social cost!

- The only permanent solution for poverty and distress is the development of a *democratic social-market economy*. This entails the development of a liberal democratic political system, a free-market economy with social responsibility. The emphasis must be on the development of the economy, measured in terms of real GDP per capita, job creation through industrial growth and not by taxation. The aim must be to generate enough money for measures to permanently eradicate poverty and for the upliftment of the poor and the distressed. It should concentrate on the development of the knowledge and skills of the individual eventually to make him a proud self-reliant productive member of society. It must foster a philosophy of individualism and not communalism. As already pointed out, if you feed a person today tomorrow he will again be hungry, but teach him to produce something in exchange for something else with a commensurate value in a free market, then he will become a self-reliant, proud and independent citizen. Following this strategy will generate more social advantages than social costs.

### ***The policy formulation phase***

The above arguments prove the complexity of policy research and analysis. It requires professional public administrators knowledgeable about and skilled in the theories and techniques of policy analysis and especially in the techniques of social research and data processing. The public administrator as policy adviser must be able to clearly define the problem or the need. He must be able to formulate the alternative objectives and strategies to realise these objectives, then to identify the real and social cost (social impact) of every strategy and finally propose the optimum solution in terms of a specific objective and specific strategy.

### ***The policy approval phase***

The public administrator's formulated proposal will then be submitted to the minister and/or executive authority for consideration and preliminary approval. The next step for the public administrator is to compile what is called a White Paper or a Bill containing the policy proposals. These should include a description of the nature of the problem (need), the objective, and the strategy and perhaps the source of financing, some control measures, and other related necessities. The appropriate minister will then table the White Paper or Bill in the legislature for consideration, discussion and

final approval. When finally approved by the legislature, the Bill becomes an Act of the legislature for implementation by the administration.

### ***The implementation phase***

Politicians and public administrators may find it relatively easy to make policy. To implement the decided policy could be a formidable task and this is where the knowledge and management skills of the public administrator are fully put to the test. It is here where he succeeds or fails. This is where the knowledge and skills for programming, budgeting and supervision are fully engaged. Implementation needs a programmed budget, indicating the goals, objectives and targets of the programme for each time segment of the programme. The budget should also include the source of financing of the related activities of the programme. It should also include the assignment of activities and tasks to each sub-section or units of the department or implementing organisation/agency. Each one must have its own operational programme with the necessary delegation of operational and decision making authority to each manager and/or overseer in charge of an operational programme.<sup>110</sup> Continuous and regular supervision and feedback of results must be part of the implementation process. All this must be decided upon by the public administrator in charge and constitute the *operational policy*. The operational policy is usually contained in work manuals and procedural codes.

### **PROGRAMMING**

After deciding on a political policy, an executive policy and an operational policy, it follows logically that the policy must be implemented. There is no use in having a policy without implementing it. The next logical step, therefore, is to compile an operational programme for implementation by the relevant organisational unit of government, for realising the policy goals and objectives. The policy is usually defined in vague terms. It is the task of the programmer to cast it into concrete terms for proper execution. The process of programming consists of the following steps:

- *Quantifying objectives.* The first step is to study the policy goals and translate them into more concrete and *quantifiable objectives*. For instance, if the policy goal is to provide housing for the poor, and the government chooses the strategy to provide this itself, the programmer must identify the nature of the housing and the number of houses required, then quantify the need in terms of how many houses are required to attain the broad policy goal. This  $x$  number of houses is then the quantified objective to be realised over time;
- *Compiling a time schedule and setting targets.* The operational ability of any government is always limited to the available resources. Thus, the demand for housing may be of such a quantity that the objective of  $x$  number of houses cannot be attained in one year. Therefore, the next step is to compile a *time schedule* and set *targets* by identifying the number of houses that can be built during each time segment (usually one budget year) of the time schedule. The

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110 The 'operational programme' is sometimes referred to as the 'business plan'. Because government in a liberal free-market democracy is not in business for profit making, I prefer to use the term 'operational programme'.

*target* is then set at  $y$  houses per year, according to the capacity measured in terms of the available resources, for a period of (say) five consecutive years. The total number of houses to be built over a period of five years is therefore  $5y$ , which equals the policy objective of  $x$  number of houses ( $5y = x$ );

- *Identifying the functions of the programme.* Functions are activities organised towards realising goals and objectives. These functions must be constructive and contributively in respect of the operation of the organisation. These functions must be differentiated. Functional differentiation means the classification of similar or related activities in functional components that need to be carried out for the organisation to operate with the aim of realising its objectives and attaining its short-term targets. Every objective and target will demand its own peculiar functions and activities;
- *Compiling an activity schedule.* The next step is to compile an *activity schedule* for providing the houses. A housing scheme may need the acquisition of suitable land to establish a township. Establishing a township is a complicated process of town planning and township development by providing streets and other municipal services infrastructure for every building stand. All these require specific processes and specialised activities. These activities must be constructed into activity schedules. The building of a single house has its own activities to be scheduled.
- *Calculating the required resources.* The activity schedule indicates, by the nature of every activity, the required knowledge and skills, equipment and material for a complete housing project. Every activity demands a special knowledge and skill, special equipment and materials and specific accommodation for operational teams. For instance, township establishment needs qualified town planners, township development needs land surveyors, qualified civil and electrical engineers and civil and electrical engineering contractors with teams of skilled labourers of all kinds. The building of houses needs *inter alia* architects and skilled contractors and artisans from the building trade. Building material of all kinds is needed for every activity. The demand for all these skills and materials must be calculated and quantified both in terms of quantity and cost.
- *Budgeting.* After the quantity of the resources required has been determined, the next step is to budget for their cost. The resources can be classified in *human resources*, *material and equipment* and *accommodation*. Every specialist and every artisan and labourer has a market price and can easily be determined. The same applies to material, equipment and accommodation. Everything has a price and by multiplying the price with the quantity needed, the budgeting process is not difficult. There are computer programmes, for instance, to quantify the material needed for building a house. The next step in the budgeting process is to identify the source of financing. The sources of financing can be from revenue, external loans, grants from higher authorities and even donations from foreign institutions and governments. The important point is that the revenue and expenditure sides of the budget must balance; no policy can succeed without enough money. After the approval of the budget, the programme is in place but not yet ready for implementation. The work procedures and work methods must still be determined.

- *Creating work procedures and work methods.* Executing a programmed activity needs specific work procedures. Every activity has its own procedure to be followed. A work procedure is a series of consecutive steps created for the execution of a particular activity aimed at realising a specific programme target. In every programme there are several activities divided into separate procedures aimed at attaining several programme targets in an attempt to reduce the programme's complexity. Complex activities can be subdivided into particular procedures, each with a complex set of methods for each step of the procedure. Work methods are the motions involved in executing a specific task or activity. A work method is one step of a procedure; it is the special way in which one does something. Every step in a procedure has its particular method for executing such step and requires a special skill. Building a house requires a special procedure of activities in a specific sequence – such as laying the foundation, building the walls, putting the roof on top, installing electricity and plumbing, plastering and painting the walls, hanging the doors, tiling the floors, etc. Each of these procedures has its own particular method and requires its own particular expertise and skills. These principles apply to almost every government activity, no matter what the line function of the organisation is, be it public health services, social welfare services or police services. It even applies in the case of supporting functions such as office administration and financial administration. Every government activity requires work procedures and work methods and these should be in writing and kept up to date to comply with changing circumstances.

In summary, a programme is a *composition of functional activities* that have to be performed in a particular sequence in order to effect the execution of policies through the realisation of public objectives. The *key characteristics of a programme* are the predetermined *succession of activities* and the *time schedule* for that succession. These two components, namely the *sequence of activities* and their *time schedule*, contain particulars of the various steps in chronological order so that the officials who have to execute the programme will be able to realise the objectives by their combined efforts. A programme may comprise various projects – a particular group of related activities – and a programme becomes clearer and more specific in its extent and detail when it is divided into projects. *Projects* may be regarded as the components of a programme. A programme becomes more concrete when the constituent projects are divided into tasks and specific directives. The *tasks of a project* are intertwined and should be performed collectively, as a whole, within the framework of the project. A programme together with its projects and tasks may therefore be regarded as a comprehensive programme structure with an increasing tangibility as one descends within the structure down to the tasks at the operational level. As opposed to that, there is the *objectives structure*, consisting of the main objective, sub-objectives and fixed targets that, exactly like the components of the programme structure, become more and more concrete as one descends down to the fixed targets that have to be reached within a time schedule. Between the main objective, sub-objectives and targets within the objectives structure, there is a direct vertical relationship, as is the case between the programme, projects and tasks within the programme structure. However, there is also



a direct horizontal relationship: *first*, between the main objective and the programme; *second*, between the sub-objectives and the projects; and, *third*, between the targets and the tasks.

## ORGANISING

It follows logically that as soon as the programme is in place and ready for implementation, the task should be allocated to an existing organisation or a new organisation should be created specifically for the purpose. One fact must always be borne in mind, namely that *government organisations must be created with a specific purpose in mind*. Government organisations are not created for supplying jobs, but for serving the public. Government organisations are public service providers not job providers as so many politicians and their supporters imagine – especially among the communists.

Fox and Meyer offer *inter alia* the following definitions of an organisation:

- “A co-operative and essential dynamic system in the process of continual adaptation to its physical, biological and social environments, while pursuing objectives.”
- “An open, dynamic and complex system of co-operation that co-ordinates the actions of its members to enhance individual effort aimed at goal accomplishment.”
- “A complex system that intentionally co-ordinates the actions of its members to accomplish specific purposes.”
- “An open, dynamic, purposeful social system of co-operation designed to enhance individual effort aimed at goal accomplishment; consists of the human element, the physical element, the work element, and the co-ordination element that transforms resources into outputs for users.”<sup>111</sup>

From these definitions one may conclude that organising consists of classifying and grouping activities as well as allocating groups of activities to organisations and workers in an orderly pattern so that everything the workers do will be aimed at achieving predetermined objectives and targets. Such groupings of activities and workers can be seen everywhere, e.g. a group of workers building a house, or a group of workers doing maintenance on a road. Each group of workers consists of individuals and each individual is given a specific task to do, e.g., a group of workers building a house may include carpenters, bricklayers, plumbers, electricians, painters, and handymen. Each group is a small organisational unit which, when combined with other groups, can constitute a bigger organisational unit, e.g. a house-building branch of a government department of housing, or the maintenance branch of a government department of roads.<sup>112</sup> It is quite clear that the emphasis is on co-ordinating activities *for the purposes of achieving predetermined objectives and targets with the purpose of*

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111 Fox & Meyer, *op cit.*, p. 90.

112 Cloete J. J. N., 1994, *Public Administration and Management*, Pretoria J L van Schaik Academic, p. 124.

*attaining the political goals of government.* It is also clear that the structuring of the organisation must follow the pattern of the programme to be executed.

### **Organising principles**

The organisational structure should create circumstances for effective and efficient management – in the sense of realising objectives and short-term targets at minimum cost. To secure this, the following principles should apply:

- The organisation must provide for what may be termed *joint management* by management teams at all management levels of the organisational hierarchy. This means that all managers at the applicable levels must take high-level, middle-level, and lower-level decisions jointly in a democratic way. The lowest management level in a government organisation is that of supervisor, with a team of workers under his supervision at the bottom of the authority hierarchy. The supervisor is the lowest-level manager and should take decisions jointly with his team of workers – this is a very good motivational strategy;
- The hierarchical structure of the organisation must provide for the *optimum span of control*. A span which is too wide may result in a complete loss of control by the chief executive officer and the other managers lower down in the hierarchy. One must never forget that the chief executive officer is also the chief accounting officer, who has to account for the effective and efficient management of the whole organisation. The chief executive officer cannot abdicate this responsibility, because it is one legitimately assigned to him and he, therefore, must always be in control. Experience has taught that the span of management should never cover more than four, and not less than two, control points. If there are more than four points of control, then no one manager can attend and apply his mind properly to all the activities of the organisation in one working day, taking into account all his other external activities, such as communication with the public and organised interest groups. On the other hand, when the control points are reduced to one, there may be a long vertical line of managers serving under one another, handing down commands to the supervisor at the very bottom. Of course, this would be outrageous. It would be a case of too many Chiefs and too few Indians to do the job;
- The organisational structure must provide for both *formal and informal horizontal and vertical communication lines*. These are necessary for proper co-ordination and the flow of information and instructions downwards, and the upward flow of reports on results, information and suggestions to management at the top. This principle cannot be over-emphasised. Both formal horizontal and vertical communication for co-ordination are vital for effectiveness and efficiency. Informal communication – the so-called “grapevine” or “bush telegraph” – is sometimes the only means by which management can detect, for instance, fraudulent activities that would never enter the formal communication lines;
- The organisational structure must provide for *clear definitions of goals, objectives, targets and functions and services activities*. It must also clearly identify the responsibility for executing such functions and activities for the realisation of goals, objectives and targets. In other words, the sub-departments

and sections responsible for executing the functions and activities and the positions responsible for executing the activities must clearly be defined;

- For each position in the hierarchical structure, there must be proper *job descriptions*, *job specifications*, and *job evaluations*. Job descriptions and specifications are necessary for determining the qualifications, knowledge, skills and experience required for the activities to be executed by the incumbent of such position. Job evaluations (or ratings) are required to determine the remuneration attached to each position. It is important to understand that positions on the same level of the hierarchical structure need not be at the same level of payment. Remuneration should be determined independently for each position and be based on the qualification requirements, extent of responsibility and the market value of each position. One can, therefore, have two managers on the same level of the hierarchy receiving different remuneration. Remuneration should be linked to performance and productivity and not to the principle of equal pay for equal job descriptions.

### **Process of structuring the organisation**

The question here is: how does one create a government organisation that complies with all the above-mentioned principles? Where does one begin? The most logical process is the following:

- The first step is to *identify the broad policy goal and objectives* of the organisation to be established. Remember that government organisations are created by legislation with a specific purpose in mind. Referring back to the policy-making and programming processes, one will find that the broad policy goal will be specifically defined in the programme of action in terms of quantifiable objectives and targets. Identifying these objectives and targets is the point of departure for structuring an organisation;
- *Identify the functions* to be undertaken aiming at realising the objectives set out in the programme. The functions must be connected to specific objectives. Remember, a government organisation must always have a purpose in mind with the execution of its functions. The execution of the functions means the rendering of specific service to the public to satisfy their needs within the framework of their common value system;
- *Identify the sub-departmental (macro) units* for assigning these functions and their related services activities. These are the so-called directorates of the department;
- *Identify the activities* of each service function. The activities are the daily routine tasks of each official (civil servant), which should be clearly indicated on the job descriptions of their positions;
- *Identify the sub-sections of the sub-departmental (micro) units* for assigning the service activities;
- *Identify the number of positions* needed for allocating the activities of the service. The extent of each service activity to be undertaken will determine the number and nature of positions required;

- *Compile job descriptions* for each position to ascertain the knowledge, skills and experience required for each particular activity or group of activities;
- *Determine the level of each position.* The levels of positions will be determined by how complicated the particular service activity is and the level of knowledge, skills and experience required to undertake such activity successfully;
- *Evaluate each position* and determine the relevant remuneration. This is done by a process of job evaluation, which is a comparison of jobs through the use of formal and systematic procedures to determine their relative worth within the organisation. This is important to determine the financial implications of the structuring of the organisation and the future budgeting process;
- *Staffing the new organisation* by the processes of recruiting, interviewing possible candidates, selecting and appointment of the most suitable candidate for each position;
- *Getting the new organisation in motion* by assigning the programme to the personnel of the relevant sub-departments and sub-sections and start implementing it.

### **Delegation of operational authority**

The delegation of decision making power has already been dealt with in detail in the explanation of the decision making function. What needs to be explained under organisation is the delegation of *operational authority*. No government organisation, minister, public administrator, or any other civil servant may do anything without being authorised to do it. In a liberal democracy the primary authority is vested in the registered voters. Where the rule of law prevails, the constitution, theoretically approved by the voters, constitutes the highest authority. The legislature is the highest authority after the constitution, but can only legislate on matters specifically authorised by the constitution. Therefore, before any government department can be created for the implementation of a policy programme, the legislature must mandate the creation of such a department by way of a specific law. It has already been explained that the *mandate* or *command* is the simplest form of delegation. In such a case the legislature decides and commands a government department to be established for executing the policies contained in the relevant law. The mandate is usually found in the preamble of the law providing for the institution of a government department with the specific purpose of implementing a specific policy. The minister and the chief executive officer obtain their authority (mandate) to implement the government's policy from such law.

The middle-level and lower-level management officials are mandated by way of their job specifications and job descriptions. It is imperative that their operational activities be clearly defined in their job descriptions. The approved job descriptions define their operational authority. Their delegated operational authority, as already explained, should be supported by discretionary decision making power. Management personnel must be allowed some leeway in the performance of and decisions on their operational activities. However, any discretion allowed cannot be in conflict with the prescriptions of the law or any regulations proclaimed in terms of the law.

The lower-level officials also derive their operational authority from their approved job descriptions. The approved job descriptions contain the objectives and tasks of such jobs. Job descriptions are written statements of the objectives, tasks/activities, responsibilities and conditions under which the job is to be performed. As already explained<sup>113</sup>, job descriptions are closely related to *ministeriums*. A *ministerium* is an action taken by an official within the framework of prescribed rules and procedures according to his defined job description. It is an essential characteristic of a *ministerium* to be so fully defined and prescribed that no *discretion* is allowed in its execution. Procedures contained in procedure manuals prescribing the process of how and in what order functional activities must be executed are an example. The delegatee must execute the *ministerium* as prescribed and cannot use his discretion. If an official's activities contained in his job description do not fall within the confines of a *ministerium* (prescribed procedures) he may be authorised to use his discretion in executing his tasks. The *ministerium* rule demands job descriptions and job specifications for each position in the organisational hierarchy. Occupiers of positions without proper job descriptions and job specifications may find themselves in positions of acting without authority.

In conclusion, one may state that operational authority is the right to act, or to command others to act, toward the attainment of the organisation's goals and objectives. The most important term here is the word *right*. This term specifies legitimacy in the authority context. Authority is related to one's position in the organisational hierarchy. Each position has specific inherent rights that incumbents acquire from the position's rank, title and job description. It has nothing to do directly with the person occupying the position. Since the right to command or the obligation to do something is inherent in the job, as soon as one accepts one's appointment in a position, one assumes the authority and responsibilities that go with it.

## CO-ORDINATING

From the previous explanation, it is clear that organising has to do with the division of work to create, at the macro level, separate government departments, and at the micro-level, separate divisions, sections and posts within a single department. However, it is imperative that there should always be co-operation, which will ensure that everyone works towards a specific objective without indulging in unnecessary time-consuming activities. Each separate activity, therefore, should be brought into line with every other related activity; this means there has to be co-ordination. Co-ordination means bringing the functions and activities of the various departments, divisions and sections of a department into proper or required relation to ensure harmony and effective operation of the government department as a whole in its effort to realise its objectives and attain its short-term targets efficiently and effectively.

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113 See the section on "The principles of administrative law" *supra*.

### **The need for co-ordination**

Co-ordination should not be seen as a problem but as a management challenge. The real need for co-ordination is to prevent overlapping, voids and clashes between policies and the work of departments and of divisions within a department.

- *Overlapping* can appear, for instance, between a department of forestry and a department of nature conservation, where both could develop programmes for nature conservation, the first in its afforestation areas and the other in so-called nature conservation areas including afforestation areas.
- *Voids* in complying with a new public need can occur because each department concentrates only on its specific objectives and programmes and no one notices some new public need not related to their programmes. What happens then is that a *no man's land* in rendering a specific public service occurs.
- *Clashes* in policies may occur; for instance, the department of social welfare embarks upon a family planning programme to curtail an uncontrolled population explosion, while the department of finance at the same time offers tax deductions for children, thereby encouraging population growth. Another classic example is where a local government's traffic department, responsible for the painting and maintenance of road traffic lines and signs on the surface of streets and roads, has just completed its road signs painting programme. Then the roads department, responsible for street and roads maintenance, moves in the next week and resurfaces the same streets on top of their newly painted road traffic lines and signs. This is a classic example of lack of co-ordination of work programmes between the two municipal departments. These examples indicate that co-ordination should take place both horizontally and vertically.

### **Horizontal co-ordination**

Horizontal co-ordination takes place through comparison of, for instance, policies, objectives, programmes and programme activities at the horizontal level between government organisations on the same level. These levels can be separated into the macro-level and the micro-level.

#### ***The macro-level***

The macro-level consists of the legislature, the executive authority (cabinet), and the administrative level comprising all the "independent" government departments.

- *The legislature* is the ideal level to co-ordinate political policies, because all political policies in the form of bills and white papers serve before the legislature for approval and eventually become laws and government policy. In systems of portfolio committees consisting of members of the legislature and serving the legislature with advice, the committee system should be organised in a manner to facilitate co-ordination of government policies. This requires representatives to specialise in specific portfolios and be well informed on matters contained in bills and white papers for consideration by the legislature. Specialisation, however, should not prevent them from being informed on all government policies. They must be able to recognise overlaps, voids and conflicts in policy proposals from the executive authority concerning every portfolio.

- *The executive authority (cabinet)* is pre-eminently the level where horizontal co-ordination of both political policies and executive policies can take place, because the executive authority must first pass all bills, proposed white papers and proposed budget programmes before they can be laid before the legislature for final approval. It is actually the culmination point of all proposals from all government departments. At this level members of the executive authority (cabinet ministers) rely heavily on their chief executive officers for support and advice. This is where they, apart from recommendations upward to the legislature, consider and approve executive programmes and regulations, sometimes containing executive policy and work procedures, proposed by their chief executive officers.
- At the *administrative level*, the chief executive officers must be wide awake and well informed on the activities of all government departments. Heads of departments should meet regularly before every executive authority meeting to compare their proposals and how they could perhaps affect the activities of other departments. This should be a standing rule. In this way, they can intercept overlapping and clashes, and identify voids in their proposals to the executive authority. This may then be called *inter-departmental horizontal co-ordination*.

### ***The micro-level***

What we understand by co-ordination at the micro-level is co-ordination between the divisions and sections within a single government department. One must bear in mind that a government department is created with a purpose in mind. This purpose forms the main objective of a department. If well organised this main objective is usually divided into sub-objectives and the sub-objectives into more concrete targets as part of the department's work programme for a specific time span. Specific activities have been identified and grouped together for attaining each target and realising each sub-objective in order to attain the main objective of the department. It is thus a matter of the division of related work to several divisions and sections all focused on eventually realising the department's main objective. All these separate but related work activities must constantly be horizontally co-ordinated in order to steer them towards the same main objective. This requires that heads of divisions and supervisors of sections meet regularly and compare work programmes and results. This may then be called *intra-departmental horizontal co-ordination*.

### **Vertical co-ordination**

Vertical co-ordination is most important at the intra-departmental level. In government organisations work consists of specific activities usually to be performed in a specific sequential order. These activities are of course all aimed at attaining specific targets and sub-objectives eventually to realise the main departmental objective. What is to be understood here is that *activity one* must be followed by *activity two*, then *activity three* and so on until the task has been completed. These activities are usually contained in *work procedures* and *work methods* specifying the steps to be followed one by one – the procedure to be followed, and how it is to be done – the work method to be followed. Some of these activities must be executed by divisions, then followed

by activities allocated to sections of divisions. It is the task of the division directors and section supervisors to see that the procedures and work methods are followed vertically as prescribed. This means that there must always be co-ordination vertically from the chief executive officer or his deputy down through the directors of divisions and supervisors of sections to the person doing the job on the ground level.

## **COMMUNICATION**

To co-ordinate and get things done, one must communicate. Communication is the transfer and understanding of a message. Since it is only through transmitting messages from one person to another that instructions, information and ideas can be conveyed, the public administrator who is a poor communicator is certain to have his effectiveness curtailed. For communication to be successful, the message must not only be conveyed, but also be understood by the receiver of the message. Any message, no matter how important, is nothing until it is transmitted and understood by others. Good communication can only exist when the sender transmits an idea or thought so that the mental picture perceived by the receiver is the same as that envisioned by the sender. To communicate properly is to express oneself in understandable, simple and clear language. The purpose of communication is to paint a picture of the concept you perceive in your own mind by using the spoken or written word in such a way that the person you wish to convey the concept to will be able to perceive the picture you have in your mind exactly the same way in his mind. Effective communication requires public administrators to be proficient in the official language of the country they serve. Language is the public administrator's only tool for proper communication.

### **Formal channels of communication**

Formal communication channels of various types consist of those paths that are formally established for the flow of instructions and information in terms of work division and according to the lines of authority in the organisation hierarchy. They are synonymous with formal hierarchical communication systems. The messages involved are those that are sufficiently standard and occur often enough to warrant the establishment of standard procedures for communication. Messages may be classified as routine and non-routine. It is the routine messages around which formal communication networks can be built.<sup>114</sup>

### **The internal communication process**

Before communication can take place, a purpose expressed as a message to be conveyed is needed. The message passes between a sender and a receiver. The message is encoded (put into words) and transmitted through a channel. The receiver then translates the message. To ensure that the original meaning of the sender's message has been transmitted and translated correctly, the receiver concludes the

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114 Basi, Raghbir S., *Action Administration: Planning and Implementation*, London, Asia Publishing House, p. 195.



process by providing feedback.<sup>115</sup> In an official government system, one finds two lines or channels of communication: first, a vertical top-down and bottom-up channel and, second, a horizontal or lateral two-way channel of communication.

- The *vertical top-down channel* may be called the command or *instruction line*, communicating instructions from the top down to the bottom of the hierarchy at ground level where the activities for serving the public are executed. This top-down communication channel runs from the legislature at the top through the executive authority, the administration, the departments, divisions, and sections of departments to each worker in the whole authority hierarchy.
- The *vertical bottom-up channel* may be called the *feedback line* for the feedback of information on results achieved and follows the same route through the authority hierarchy back to the legislature at the top.
- The *horizontal two-way channel* serves as a lateral information channel for co-ordination purposes between departments, divisions of departments or sections of divisions on the same hierarchical level. Horizontal or lateral communication is an aspect of communication that is often neglected. All division directors and section supervisors should, therefore, continually be reminded that they do not work in isolation and that they should remain in contact with their peers employed in adjoining fields, perhaps even outside their own department.<sup>116</sup>

When government organisations are structured, the vertical channels of communication will usually be self-evident. However, it will still be necessary to provide formal directives to regulate the method of communication, e.g. rules can prescribe both standardised forms and reports which have to be used in the organisation for the purpose of communication. Such standardised forms and reports save time and prevent possible misunderstandings. Legislation and other formal directives, such as rules, regulations, work manuals and procedure codes, will prescribe the formal communication network.<sup>117</sup>

### **Barriers to effective communication**

Dealing with human beings, one must accept that perfect communication is not always possible. The reason is that there are physical, personal and semantic barriers to the transference of messages.<sup>118</sup>

- *Physical barriers.* Government organisations, because they have formal structures, cannot help but create barriers to effective communication. The existence of excessive hierarchies of authority creates physical distance between people. Additionally, the reliance upon the unity-of-command concept requires that formal communications follow prescribed channels through the organisation. As a result,

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115 Robbins, Stephen P., 1976, *The Administrative Process*, Second edition, Englewood Cliffs, N.J., Prentice-Hall, p. 356.

116 Cloete, J. J. N., 1994, *Public Administration and Management*, Pretoria, J I van Schaik Academic, p. 138.

117 *Ibid.*

118 Robbins, Stephen P., *op cit.*, p. 358.

they must frequently pass through many levels of the organisation's authority hierarchy, each offering a potential for distortion of the original message.

- *Personal barriers.* Personal human limitations also act as a hindrance to effective communication. Instead of listening in a rational, objective manner to what is being said, one occasionally becomes emotionally involved. Subjective judgements are then imposed instead of rational fact appraisal. People sometimes apply their personal value systems to what they hear and read, instead of decoding rationally and objectively – because they do not agree with what is being said, or perceive the message to be other than the way it was intended. As a result, the receiver hears what he expects or wants to hear. When information is passed between hierarchical levels, it changes as people interpret the “facts” differently. This phenomenon presents serious problems for chief executive officers and ministers, who, by definition, work through others and who depend upon their subordinates to interpret information and direct what they perceive to be the right facts upward through the organisation's hierarchy.
- *Semantic barriers.* Things mean different things to different people. This is particularly true with word connotations. Hayakawa once said: “The meanings of words are not in the words, they are in us”.<sup>119</sup> Semantic problems can impede the communication that is essential for effective organisational performance. Poor choice of symbols or ignoring of non-verbal cues could mean distorted communiqués.
- *Cultural barriers.* Related to language barriers in communication is the cultural misunderstanding of codified messages including those that are transmitted in non-verbal ways. This misunderstanding is common when the sender and the receiver are from different cultural backgrounds. A very simple illustration is the gesture of nodding the head – this is commonly understood to mean “yes”., but in many cultures a nod of the head means “no”, or “I am considering what you have told me”. In institutions where there is cultural diversity between senders and receivers of messages, it is most important that at least one party should understand the other party's socially established codes of meaning.

### **Importance of feedback**

The key element to successful communication is feedback. It indicates to the sender whether his ideas or instructions have been received as they were originally intended. The feedback concept is as important in the transmission of written communication as it is in oral communication. Too often in the organisational setting it is assumed that effective communication has taken place merely by the issuing of a written instruction or any other document of information. The correct use of feedback improves the communication process and reduces the chance of major disparities between the instruction, information or idea received and the one intended.

Another problem of ineffective communication is most frequently thought to concern the sender, his encoding, or his selection of the message. However, one of the most necessary communication skills, yet often taken for granted, is listening. Most

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119 Hayakawa, S. I., 1949, *Language in thought and action* , New York, Harcourt Brace Jovanovich p. 292.,quoted in Stephen P. Robbins, *op cit.*, p. 359.

public administrators, unless they have consciously worked to develop this ability, are poor listeners. Public administrators can improve their ability as empathetic listeners. This ability means listening and not making value judgements. It requires allowing the speaker to express his points fully before you react. It requires separating objective from subjective data and recognising feelings and emotions in the sender's message. It utilises feedback to restate the other's position in one's own words.<sup>120</sup> *Successful Public Administrators need to be good listeners and effective communicators!*

### **Informal communication – the grapevine**

Informal channels of communication of various types comprise those networks that are based on personal relationships between people. They may, but generally do not, correspond to the formal hierarchical structure of the organisation. The informal communication network functions on a spontaneous, person-to-person basis, rather than on a predetermined officially ordered one. What happens if the formal communication channels become “choked” or “blocked”? Legislation and other directives such as rules, regulations, work manuals and procedural codes will prescribe the formal communication network. However, communication will always have an informal side, known as the *grapevine*, which can be undesirable in the sense that it can be the channel for gossip, false information and undermining of the official hierarchy of authority.

Top officials should be mindful that informal communication does take place and that the grapevine can be used to serve a positive rather than a negative purpose.<sup>121</sup> The grapevine is sometimes the only source for detecting maladministration, fraud and corruption. The grapevine exists in response to the personal and group interests of the people. It is spontaneous, flexible and a rather fast means of communication. It is characteristic of communication through the grapevine that there should be a high degree of credibility among senders and recipients. Apart from possibly being used to undermine the authority hierarchy of the organisation, one of the drawbacks is that messages become distorted and change meaning as they move through the grapevine. This occurs simply because information is generally mixed with speculation by the people in the chain of communication and people's imaginations are quite fertile for this sort of “gossip” undermining the official authority hierarchy.

There are always informal channels of communication. They grow up, over, around and across the established formal networks of communication. The grapevine can work for the chief executive officer or against him. A shrewd public administrator can use it constructively by “feeding” it properly. However, clever use of the grapevine requires a great deal of skill. It involves identifying the sources, the major connections and the main channels through which messages flow. It involves learning to listen for what the grapevine is saying, and then, providing the required feedback at the proper source and the appropriate time and place. Used cleverly by the public administrator, the grapevine can be a positive and constructive channel for supplying information where and when it is needed.<sup>122</sup>

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120 Robbins, Stephen P., *Ibid.*

121 Cloete, J. J. N. *op cit.*, p. 138.

122 Basi Raghbir S., 1968, *op cit.*, p. 96.

### **Positive informal communication**

In addition to the grapevine, with a rather negative connotation, there are other forms of person-to-person informal communication. They are generally oral and may be planned or spontaneous. A substantial amount of an organisation's work is accomplished through them. These channels are beyond the public administrator's immediate control, but they are fast and quite meaningful for accomplishing action. Quite often, it may be appropriate to use the informal networks for communicating in order to achieve effectiveness, and to use formal communications for purposes of record keeping and legitimisation. *Positive informal communication* should be encouraged to supplement the formal networks for the realisation of an organisation's goals and objectives. In order to be effective, a public administrator needs to make use of both the formal and informal channels of communications.

### **Communication methods**

Communications between people are carried on in a variety of ways. Oral communication is, perhaps, the most pervasive form. Written communication and audio-visual communication are also important instruments in the modern world of communication, particularly in organisational settings.

#### ***Verbal Communication***

This is naturally the most widely used form of communication between people. It is highly personalised, in the sense that an exchange of thought content as well as feelings is encouraged. In verbal communication, as is the case with negotiations, there is a greater possibility of give and take on the part of the parties concerned than in written communications, and thus understanding is fostered with respect to the contents of the message.

There are some limitations, however, with which verbal communicators must contend. The problem of semantics has already been discussed. Different words carry different meanings for different people. How does one communicate with illiterate people? Even such things as tone and inflection complicate the transfer of meaning. Often people hear only what they want to hear. Meanings are coloured by previous attitudes, desires and perceptions. People tend to infer a meaning that may or may not be correct. In an official organisational setting, there is the problem of hierarchical distance between officials on different levels of the organisation. As messages move up or down, they may become distorted.<sup>123</sup>

#### ***Written communication***

Written communication in the public sector is a valuable tool when a message is to be transmitted in the absence of personal contacts or telecommunication facilities. It is especially useful when the same information is to be transmitted to many officials or to the public and a permanent record of this is desired. The sender can seek to be

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<sup>123</sup> Basi, Raghbir S., *op cit.*, p. 193 maintains that it has been estimated that in verbal communications between people, generally, no more than about twenty per cent of the content is effectively transmitted, in the sense of being retained by them.

precise and has the chance to formulate and structure his message carefully before it is sent to the receiver. With the present-day electronic communication media like the internet and the e-mail electronic system, written communications can be sent all over the developed world almost instantaneously and at a fraction of the cost of the old postal service system.

In government organisational settings officials prefer and depend upon the written message for undertaking action. In the public sector with its large number of departments and thousands of officials, written communication is probably the most convenient way of transmitting information and for passing on instructions. Officials feel secure if they have the basis for their actions in writing and, of course, the written word is indispensable for reference purposes. This is the reason why written communication lies at the heart of the task of carrying out managerial responsibilities.

### ***Audio-visual communication***

Today's technological development offers sophisticated electronic equipment for effective audio-visual communication. Visual perception is a potent tool for making an impact on the mind of the receiver of a message. Visual images have a tendency to be comprehended easily and they are retained longer than word images. However, words can make things clearer for the receiver of the message and, in a sense, tell him what to look for in the visual presentation. Therefore, combined audio-visual perceptions are highly potent tools for making communications effective.

### **Public communication**

So far we have explained the *formal internal communication* within public organisations. What about the *formal external communication* with the public? One of the main propositions of this work is that the public service exists to serve the people and in particular the individual – see Figures 1 and 2. In the process of satisfying the public's collective needs, public officials are compelled to communicate with the public. Therefore, there must be external communication links between the government officials and the public. There must be transparency of government activities and individuals must have free access to government departments and any public official dealing with the specific needs and problems of the public. This is the essence of an open-systems approach and a primary requirement for the public service to be in equilibrium and to exist in harmony with the public environment. We have already referred to the fact that politicians, cabinet ministers and chief executive officers prefer to communicate with organised interest groups rather than with individuals – it makes their external communication tasks so much easier. However, one cannot ignore the primacy of the individual and the fact that everything rotates around the happiness of the individual. The individual remains paramount in the public-private relationship. Therefore, government doors cannot be closed to individuals with personal problems regarding public services. Every public official must be available and at the service of every individual who has a need to discuss personal matters concerning public services. These requirements demand an open two-way communication channel between every government official dealing with public needs and values.

### ***First level of contact***

The first level of contact between the individual and the public sector is at the bottom or ground level. The public's first contact is with the nurse in the government hospital, the clerk behind the post office counter, the clerk at the receiver of revenue collecting one's taxes, the police officer at the police station, the traffic officer on the streets and, most important of all, the secretary answering the telephone. As far as the individual is concerned, these are the most important people in the process of satisfying his public needs. The behaviour and the way in which these ground level officials execute their duties determine the public's image of the whole government system. A negative image, in a civilised modern state, may even bring down the government of the day at the next election. It is, therefore, imperative to equip these lower-level officials with positive public relations skills through constant in-service training.

A departmental secretary (usually a woman) answering the telephone holds a very important position. She is the first point of contact from outside the department and the image she conveys, projects the image of the whole department. She ought to be an expert in public relations and should know the organisational details and work division of her department by heart. Many a member of the public has experienced much frustration to be directed from pillar to post on the telephone in order to find the correct person who can help him with a personal problem, simply because the secretary is not well informed on the work divisions of her department and who works with what. She should know the departmental organisational set-up by heart.

### ***Second level of contact***

Any member of the public in his right mind will appreciate the fact that Ministers, Chief Executive Officers and their deputies are supposed to be very busy people and that their time cannot be wasted by individual public complaints that can be solved by lower management levels. However, they must appreciate that the problems of members of the public are the most important problems in their eyes. The office doors of senior managers, therefore, must always be open to individual members of the public when they cannot be satisfied and their problems not solved by the lower management levels. Personal experience has proven that it is simply not true that senior management officers are too busy to communicate with members of the public. It could rather be a matter of regarding themselves as too important, or they may be too uninformed on the activities of their own organisations, for communicating with an individual from the public. They must realise that they also are there to serve the public and they are the ones that should be the best informed on their organisations' activities.

## **CONTROL**

Control is the final link in the management chain of administration. When everything is in place, i.e. the policy, the programme, the organisation, the means of co-ordination and communication, and everything has been set in motion for executing the programmed activities in terms of the government's policies, an immediate need for control is created. The importance of the control function is highlighted when one

recalls the necessity of the division of labour and delegation of operational authority. Responsibility for the activities emanating from the delegation of authority requires that the delegator be informed on the performance of his subordinates. Since the head of a department, or of a division, or of a section, is ultimately responsible for the operational activities allocated to him, he must know whether his subordinates are performing as programmed. We have already explained the importance of *accountability*, *responsibility* and *transparency* as both democratic and public management principles. To comply with these principles the process of control as a continuous process is essential. It is a process demanding constant supervision by every person in a management position – from the lowest to the highest – who must account in public for the outcome of every programme and the accomplishment of every task allocated to his section, division, department or portfolio. That, in essence, explains the necessity for control.

Control involves checking up on activities to ensure that they are going as programmed and, in those instances where there are significant deviations, taking the necessary action to correct the deviations. What must be understood is that control should not take place only at the completion of a programme or at the end of a prescribed period or programmed time schedule, but should start the moment things begin to happen and every individual starts executing his activities. Control can be defined as the process of monitoring the activities to determine whether individual units and the organisation itself are obtaining and utilising their resources efficiently and effectively in order to accomplish their targets and objectives, and, where these are not being achieved, implementing corrective action in time before too much damage has been done. To adjust to changing circumstances and conditions and to compensate for previous errors, public administrators must appraise previous and current organisational activities; and they may undertake actions not only to correct actual deviations in performance, but also to prevent deviations before they occur. What has been defined here is *a priori control* by regular *internal supervision*. *External control* in an *ex post facto* sense is also a regular control activity in the public sector, usually by an outside agency like the government auditor. The biggest disadvantage of *ex post facto* control is that it is conducted after the transaction has been concluded or activity has taken place, with the result that the outcome is irreversible. If damage has been done, it is too late to do anything about it.<sup>124</sup>

### **The purpose of control**

The purpose of control is not only to ensure that the programme objectives and targets are attained, but that they are attained efficiently and effectively. Although it is difficult to measure productivity in the public sector in areas where output cannot be measured in quantifiable units, it remains, nevertheless, an obligation to increase or at least to maintain a high level of productivity. Maintaining a high level of productivity in the public sector is as important as it is for an organisation in the private sector, because the public sector is using taxpayers' money and taxpayers are entitled to an efficient and effective return (in terms of public services) on their money. One

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124 For a detailed explanation of external auditing as an *ex post facto* control measure see Gildenhuys J.S.H., 1997, *Public Financial Management*, Pretoria, J L van Schaik, pp. 491-504.

principle should never be forgotten and that is that no government owns money; the money belongs to the public and is held in custody by the government for the public to be spent on public services to satisfy the needs of the public. The money is not there only to fill the pockets of politicians and civil servants. They must earn their money by delivering public services as efficiently and effectively as possible and should be remunerated according to their productivity.

A government organisation's ability to transfer inputs to outputs at the lowest cost is the measure of its productivity. All government organisations must have objectives in this area: generating a given output for the least input, or generating a maximum output for a given input. Public administrators should be concerned with this *efficiency ratio* in converting labour, material and equipment (inventories), and financial resources into desirable outputs. No matter how successful public administrators are in attaining their organisations programmed objectives and targets measuring their *effectiveness*, no government can survive in the long term without attempting to minimise the relationship of input to output, i.e. to optimise its *efficiency*.<sup>125</sup>

### **The framework for control**

There are a number of systems that have been developed to control specific aspects of the operations of a government organisation. These are, for instance, budgetary controls, programme controls, and quantity and quality controls. Individually, such control systems provide a measure of control with respect to the specific aspects that the particular system is designed to control. For instance, budgetary controls are exercised to control expenditures and costs. However, it needs to be recognised that any one of such controls, on its own, is incapable of providing a mechanism to control the whole range of aspects that may be considered important for the success of the particular government organisation. Thus such controls must be called partial controls. The government policy, programme and budget represent the framework and are the instruments for control of a comprehensive control system.

- *Realising policy goals.* It is the task of the supervisors at all levels to ensure that the operational activities take place within the confines of the political, executive, administrative and operational policies as contained in laws, regulations and other formal and informal instructions, applicable to the specific activities of the department concerned. It is the task of the supervisors to ensure that the broad policy goals of government are realised as efficiently and effectively as possible.
- *Programme execution.* The programme is the instrument for realising government policies. The programme converts the government's policy goals into attainable *objectives* and quantifiable *targets* to be realised and attained within a specific period. It provides the *work or activity schedule* to be performed by the government department within the framework of *specific functions* and to be completed within a specific *time schedule*. For the purpose of continuous control, the time schedule should be broken up in smaller periods, weekly or monthly, for reporting and checking results. A complete programme also provides the *work*

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125 Those politicians and public administrators who believe that governments cannot go bankrupt because of their inefficiency must be reminded of what happened to the Argentine government in 2002.



*procedures* and *work methods* to be followed in executing the activity schedule. This type of control is a method of comparing the actual work progress with proposed activity and time schedules.

- **The Programme Budget.** The programme budget consists of a *financial budget*, a *personnel budget* and a *budget for materials and equipment*. The budget sets the financial limits for expenditure on personnel, materials and equipment, and defines the various posts representing the variety of knowledge and skills required for executing the programme functions and activities. The application of budgetary control is a simple task. Actual figures are compared with budgeted figures. In case of discrepancy between the two figures, an appraisal is made determining the cause(s) of the discrepancy. Then the necessary correction is initiated so that the budget figures and actual figures may come into harmony in the future. It should be obvious that the budgetary controls focus on quantitative aspects, in terms of expenditures and requirements of costs of operations of a government organisation. To this extent, they are useful instruments for control.

It is part of the control function to make sure that all the functional activities comply with the limits set by these three aspects forming the framework for supervision and control.

### **The control process**

The control process consists of the following steps:

- **Monitoring and feedback of results.** Monitoring involves checking the progress of work undertaken. Such checking may be done in an informal way, or it may be formalised in terms of regular written reports in a prescribed form. No control can take place without the complete feedback of results to the supervisors and without a proper knowledge of results deriving from the programme activities executed. The feedback of results should take place periodically within an appropriate time schedule set up specifically for control purposes.
- **Measuring and comparing performance.** The next step in the control process is measuring performance by comparing the results with predetermined operational standards serving as controlling criteria. These control criteria are *quantity*, *quality*, *cost*, and *time* standards, but the most important standard of all is *public satisfaction*. If public goods and services do not comply with the quantity, quality, cost and time standards, one can be sure that the public will not be satisfied with such substandard public goods and services.
  - **Quantity standards.** In some cases identifying *quantity standards* for some public services is difficult. However, in most cases of providing public infrastructure services such as roads and streets, water, electricity and other typical infrastructure services, quantity standards can be provided, for instance, so many kilometres of roads to be built or rehabilitated. Even in the case of public hospital services, quantity standards can be determined as so many patients treated per day, or, in the case of education, the optimum number of students per teacher. Standards must be set for measuring performance that determines productivity.

- *Quality standards* are often difficult to measure in the public sector. As in the case of quantity standards, quality standards for infrastructure services can be identified for measurement purposes. For instance, the quality of roads can be stated in the construction specifications, such as a 95% proctor density compaction for the road's base and the measure of thickness and mixture of crushed stone and tar of the final macadamised layer on top. Or the purity level of water for household consumption, or the non-fluctuating uninterrupted flow of electricity at a certain voltage, or the percentage of patients cured in a public hospital, or in the case of education, the number of scholars or students graduated and at what level.
- *Cost standards*. Determining cost standards requires cost accounting skills. It is relatively easy to translate organisation inputs and outputs, whether they are human or physical, in money terms. Every input item has a market price and it is not too difficult to find out what this market price is. Where there is no market price for an output, as in the case of students graduated, the average administrative cost per graduated student can be calculated and compared to the average cost of other faculties or other universities. Alternatively, in the case of public hospitals, the average cost per patient cured. The average cost is obtained by dividing the number of the output objects into the total running cost of the organisation. As already explained, programme budgets are frequently used as an input cost-control instrument, because the budget already contains the calculated input costs.
- *Time standards*. Since time is a scarce resource in any public organisation, it is a criterion by which public administrators can gauge efficiency. Time is money and wasted time is wasted money. Personnel doing nothing are paid for the time they do nothing and personnel loafing on purpose are actually "stealing" part of their remuneration. The difference in completing a project in six months or in seven months may be the difference between excellent performance and failure. Similarly, if the standard time for performing medical examinations by a doctor in a public hospital is 30 minutes, performing them in 45 minutes will significantly increase the output cost per patient of the administering physician. Through the process of *organisation and work-study* including *time and motion study*, the public administrator can determine the optimum time needed for effectively completing the specific tasks of the activity schedule. Work-study is a system of assessing methods and procedures of working to achieve the optimum output and efficiency. Time and motion study is a system of assessing the sequential motions of executing activities and the time it takes to complete one activity. The time schedule of the programme contains these optimum time standards setting deadlines for tasks to be completed.
- *Public satisfaction*. Public satisfaction with the quantity and quality and cost of public services is just as important as customer satisfaction in the private sector. In the private sector customers have choices between providers of private consumer goods and services and may change from one provider to another if not satisfied. However, in the public sector the public has no

choice but to “buy” the public goods and services needed from the government as sole supplier and producer of such goods and services, such as, for instance, police services and military services for protection of the individual’s safety, security and property. In some countries the police services are so useless that the public has to hire the services of private security firms to protect their property and, in some cases, even their lives. Allegations are made that the South African public, for instance, spends more money on private security services to protect their lives and property than the whole government budget for social services just because the SA Police Services cannot cope with the crime rate in the country. Public satisfaction not only includes satisfying *personal needs*, but the results of government action must also comply with the *common values* of the public.

- *Reviewing and correcting.* *Reviewing* involves *comparing* the actual work performance with the pre-established standards. *Comparison* is the determination of the degree of differences between actual performance and the desired performance. The comparison step in the control process requires that the standards are known, that actual performance has been measured, and that criteria exist for determining the extent of allowable tolerances. It is perhaps not realistic to expect that the actual performance would be the same as the pre-established standards. Some reasonable variation may be expected. The crucial question in the process of review, therefore, is how much of a variation is to be tolerated. The answer necessitates defining the range of tolerable variations as “allowable variations”. The allowable variations would be such that they do not throw the activities of the organisation into disequilibrium that must be quickly brought into line with the predetermined standards of action. *Correcting* is the final step in the control process. This involves the initiation of suitable action in the event of deviations or discrepancies. It will be an attempt either to adjust actual performance or to correct standards or both. It is of course important to first diagnose the reasons for discrepancies. There are *two distinct types of corrective action*. One is immediate action and deals predominantly with *symptoms*. The second is basic and delves into the *causes*. Treating symptoms is not solving the real problem; it is sometimes described as just “putting out fires”, for instance in the case of calming public uproar because of unsatisfactory services. What is needed for a permanent solution is basic corrective action that gets to the source of the deviation and seeks to adjust the discrepancy permanently. Immediate action (putting out fires) corrects something right now and gets things back on track in the short term. Basic action investigates how and why performance deviated from the predetermined standards and puts things back on track permanently. Good public administrators recognise that they must find the time to analyse deviations and discrepancies to find the cause(s) and, in cases where the benefits justify such action, permanently correct significant differences between standard and actual performance.

### **The need for a comprehensive control system**

In conclusion, one can state that a comprehensive control system should provide the mechanism to check on all aspects that may be considered important for the successful realisation of a government's policy goals and objectives. If it is considered important to check on costs and expenditures only, budgets are probably quite effective and possibly sufficient tools. If it were considered important to check on actual progress of work as against the programme, a work schedule control would be adequate. If it is important to check on quality, quality controls may serve the purpose. However, if it were considered important to check on overall performance in terms of all the performance standards, it would be necessary to evolve a control system that would provide a check on all the important performance standards. What seems to be needed, then, is a comprehensive control system.

A government organisation may be regarded as a system wherein certain inputs are transformed through the organisation workflow processes of its programme into certain outputs. There are certain aspects of the inputs as well as the outputs that may be critically important for the success of the organisation. Control needs to be exercised on all these critical aspects of the inputs and the outputs in order to ensure the actual performance is in conformance with the pre-established standards of action. Such an overall mechanism is a necessary concomitant to the successful operation of the government organisation.

#### ***Input control***

Labour, money, materials and equipment constitute the four main inputs into the work process of a government organisation. The control system needs to control the various aspects at the points of input, as well as during the process of their utilisation by the organisation. For example, for the successful operation of a government organisation, it may be critically important to check the capabilities in terms of knowledge, skills, experience and personalities of every person in the workforce. In that case, it would be necessary to set up a placement control system that would ensure that the capability standards and personality traits of new personnel conform to the pre-established standards as contained in the job specifications and job descriptions of the relevant positions. Similarly, control systems would need to be established for all the other main inputs in terms of the various quality, quantity and costs aspects that may be considered of critical importance for the success of the organisation.

#### ***Output control***

The various public goods and services which a government organisation is expected to deliver to the public to satisfy their needs may be considered as its outputs. There are certain aspects of the outputs that may be considered critically important for success, for instance, its impact on taxation, or consumer tariffs, or user charges and most important of all on public satisfaction – in other words, how successful are they in satisfying the needs of the public. Such aspects need to be monitored and controlled all through the workflow process, until they are turned into final goods and services as outputs. The control mechanism would seek to ensure that the actual standards with respect to the critical aspects of the outputs are in line with the pre-established standards.

A comprehensive control system seeks to ensure that the actual performance of work in the organisation is in line with the government's policy goals and objectives as determined and set out in the laws and regulations pertaining to the organisation's mission of accomplishing such policy goals and objectives. This does not mean that there needs to be one monolithic control system. One monolithic control system, even if such a thing were possible, may not be desirable. What this means is that the various controls that individually may only be partial controls, should be well integrated. Collectively, they should exercise control on all the critically important aspects of the major inputs and outputs of the organisation.

It should also be recognised that a comprehensive control system connotes the scope of control, not its amount. The amount of control that needs to be exercised is a function of the responsibility structure of the organisation. The greater the responsibility given to a person, the more responsible he feels, and therefore the less amount of external control needed. Basi concluded "in general, it might be said that the person who exercises control on him and on subordinates, gives more of himself to the organisation". "The conclusion to be drawn", says Basi, "is, that the more the control that people are asked to exert upon themselves, the better it is for the organisation. When the feedback reports indicates that things are going according to programme, the supervisor need not interfere with actual work of the personnel. It is only in the case of discrepancies that he should exercise his authority to control".<sup>126</sup>

## PLANNING

There seems to be much confusion about the meaning and function of 'planning' in the public administration process. Way back in 1947 Millet wrote "to say that 'planning' is a controversial word is as obvious as it is trite. For twenty-five years, it has been the object of bitter denunciation and enthusiastic endorsement. Like all words that come to epitomise conflicting social concepts, planning has different uses. Even among those who find no terror in the idea there is little agreement about the meaning of planning".<sup>127</sup> This confusion still exists after fifty-five years. Robbins' definition of planning is the same as our and Cloete's definition of policy-making, namely "Planning is determining in advance what is to be done, how it is to be done, when it is to be done, and who is going to do it. It encompasses setting objectives as well as making day-to-day decisions on how these objectives can be achieved. Hence, planning involves the determination of both ends and means".<sup>128</sup> Cloete, perhaps to evade the controversy, conveniently ignored planning in his early publications, while Robbins ignored, perhaps for the same reason, policy-making as a management function. What Cloete sees as 'policy-making', Robbins sees as 'planning'. In his latest publication Cloete sees planning as synonym for programming where he states: "one or more *plans or programmes* can be constructed to provide for the actions to achieve the objectives".<sup>129</sup>

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126 Basi, Raghbir S., *op cit.*, p. 140.

127 Millet J.D., 1947, *The Process and Organisation of Government Planning*, New York, Columbia University Press, p. 1.

128 Robbins Stephen P. *op cit.* p 128 and Cloete J. J. N., 1986, Pretoria, J L van Schaik, p. 58.

129 Cloete J. J. N, 1994, *Public Administration and Management*, Pretoria, J L van Schaik, p. 227.

This takes us nowhere in our search for the meaning of ‘planning’. So let us look at other definitions. Friedman defines planning as follows: “planning is primarily a way of thinking about social and economic problems; planning is *oriented predominantly towards the future*, is deeply concerned with the relation of goals to collective decisions and strives for comprehensiveness in policy and programme. Wherever these modes of thought are applied, there is a presumption that planning is being done”.<sup>130</sup> From Friedman’s definition a few things are clear, namely that planning is a *process of thought, future orientated* and aimed at the *realisation of goals and objectives*. Koontz supports this definition by stating that: “Planning is the selection from among alternatives of ... objectives, policies, procedures and programmes. Planning is the conscious determination of courses of action designed to accomplish purposes ... Planning is thus forward looking – toward future actions – and the job of planning is to make things happen which would not otherwise occur”.<sup>131</sup> The first part of Koontz’s definition of planning reminds one of decision making – the choice among alternatives. However, what is of importance is that Koontz sees planning as a function aimed at identifying various ways on how *predetermined objectives* can be realised *in the future*, and that planning is aimed at letting things happen that under normal routine administrative action would never happen.

So far it is clear that planning encompasses all the management functions of decision making, policy-making, programming, organising, and control. The difference is that normally these management functions are aimed at running the day-to-day routine administrative functions for delivering goods and services to the public, *but that planning aims at attaining development goals and objectives in the future* – i.e. over a period of time. Green wrote on planning and stated that: “I understand planning to be a process of human activity – of human thought and action – which is essentially purposeful. Simply stated, to plan is to arrange beforehand. To plan thus implies that alternative courses of action are open to us, and that we can and do in fact choose between them. It implies that, to at least a significant degree, we can and do forecast and influence the course of future events. It implies that we do arrange for such forecasting and influencing. It implies that, when we plan, we intend to carry out our plan; for a plan is successful only if it is successfully implemented. And it implies that, in pursuing this activity, we can and do have some purpose in mind, a purpose which colours, orients and shapes the whole of the planning process, and in terms of which we assess the success or failure of the process”.<sup>132</sup> The core aspects of Green’s definition are:

- *First*, it is a rational human activity;
- *Second*, it must be purposeful (aimed at realising goals and objectives);
- *Third*, that activities must be programmed (arranged beforehand);
- *Fourth*, that alternative strategies exist for realising our goals and objectives and that we can choose between the alternative goals/objectives and strategies;

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130 Glasson J., 1976, *An Introduction to Regional Planning*, London, Hutchinson, p. 19.

131 Koontz, H., 1962, “A Preliminary Statement of Principles of Planning and Control” in P. M. Dutton Jnr., *Current Issues and Emerging Concepts in Management*, Boston, Houghton Mifflin Co. pp. 119-120.

132 Green L.P., 1974, *Planning in Theory and Practice*, Urban and Regional Research Unit, University of the Witwatersrand, Johannesburg, p. 1

- *Fifth*, that we are able to forecast the future, and that the future can be influenced by our activities; and
- *Last* that with planning we have certain development goals and objectives in mind and that these development goals and objectives indeed determine the nature of the planning process.

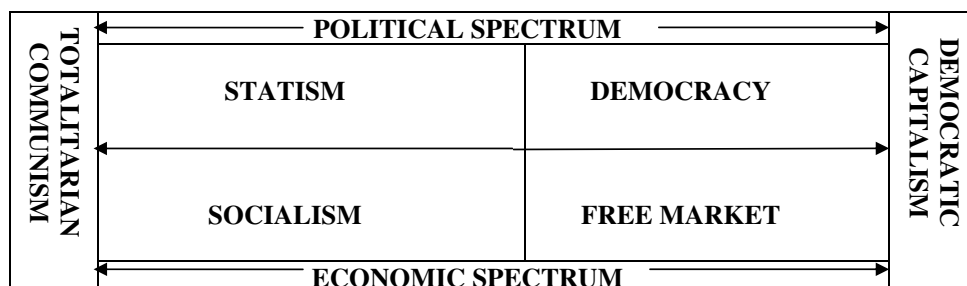
The key difference between planning, on the one hand, and all the other management functions, on the other hand, is that *planning is aimed at realising development goals and objectives at a certain predetermined point in the future*. It encompasses a development policy with long-term development goals and objectives; a long-term development strategy, a development programme, a development organisation, and a development implementation and control process. In planning the management functions are all aimed at realising development goals and objectives some time in the future, while in their ordinary sense the management functions are used to manage the routine activities of delivering public services to the public now and not some time in the future. Planning can be summarised as:

- a future oriented activity relying on rational thought for the solving of problems or the creation of a desirable situation in the future;
- a process of research during which alternatives must be weighed and a variety of interrelated decisions must be taken;
- the use of reason to aim activities on the future realisation of development goals and objectives;
- in short, a public management function for defining a development policy encompassing development goals and objectives, a development strategy and a development programme for realising the development goals and objectives.

### Approaches to planning

What still makes planning so controversial (as Millet had found out more than 55 years ago) are the two approaches to government planning with their related planning styles. The two major approaches to planning are the statist approach with its command planning style and the democratic approach with its indicative or guiding style. To understand the difference between these two approaches and styles, one must first understand the philosophy of *statism* and *democracy*. The political-economic spectrum explaining the difference between statism and democracy can be depicted as in Figure 6.

**FIGURE 6: THE POLITICAL-ECONOMIC SPECTRUM<sup>133</sup>**



On the political-economic spectrum, one finds on the far left *Totalitarian Communism* and on the far right *Free Democratic Capitalism* as the two extremes. Totalitarian communism does still exist in Cuba, China and North Korea, for instance. It collapsed completely in the former USSR, Eastern Europe and the Balkan States. However, free democratic capitalism in its purest form does not exist anywhere in the civilised world and remains an unknown ideal.

In this theoretical exposition of the political-economic spectrum, one finds that *political statism* goes along with *economic socialism*, while *political democracy* goes along with a *free market economy*. However, in practice one does not find such clear-cut divisions. The real world is indeed characterised by a variety of mixed systems to the right and the left of centre. Even within the same state, one may find a mixture of the four political-economic characteristics concerning different policies and strategies for different functions and public services. The general trend in most modern countries is what may be called a *democratic social-market system*, that is, a democratic free market system with social responsibility.

### **Statist approach to planning**

Statism is based on communalism and collectivism. It is an ideology based on the principle of concentrating on extensive economic, political, social and physical control in the central government at the cost of individual freedom. Statism negates individual rights and subjects the individual to the autocratic power of government in the name of the so-called community or public interest, decided on by an omnipotent government. Development planning is centralised and is the function of the government only. The strategy is to devise development plans in secret in a genuinely autocratic way according to the government planning agency's view of what is best for society.

### **Democratic approach to planning**

In contrast with statism, one finds individualism and a free market economy as the characteristics of democratic capitalism. In this case a government exists for the sake of the welfare of the individual. The government is supposed to serve the individual. The strategy of a democratic government planner would be an open approach where he is led by public needs, values and opinions. He will negotiate and consult from the outset, with all individuals, private owners of land, all interest groups and NGOs and communities concerned, seeking their inputs and co-operation. He will inform them from the beginning step by step as he proceeds with his research to identify development needs, formulating development goals and objectives, programmes for development and implementation strategies, and will report to the public on the progress made when the development plan is implemented.

### **Planning styles**

There are two basic styles of planning: one is referred to as the imperative blueprint (or command) style and the other one is called the indicative process (or guiding) style.

#### ***The imperative style***

The imperative blueprint style can be regarded as a command-planning characteristic of totalitarian communism. It contains fixed prescriptions on how development should



take place and development plans are implemented by force. Good examples were the seven-year plans of the former USSR. The distinctive feature of Soviet economic planning was that central authorities determined them. This process means that decisions on production, distribution and investment are made administratively and passed down through the government hierarchy to the individual enterprise.<sup>133</sup> This style also has a strong element of a blueprint. This style acts through the medium of a 'master plan', hence the description 'blueprint', and operates on a rigorous established administrative structure.<sup>134</sup>

### ***The indicative style***

The planning style characteristic of a democratic free-market economic system is the indicative or guiding style for development. Where force is the characteristic of the imperative style and accompanied with specific instructions and commands, the indicative style of planning for development sets only scientifically determined *guidelines* and is mainly advisory in character. John Glasson wrote: "Indicative planning merely lays down general guidelines and is advisory in nature, imperative or command planning involves specific directives".<sup>135</sup> Indicative planning is rather a continuous planning process and a high premium is placed on the inclusion of social and economic development within a specific physical framework. Regular review of the development policies takes place as circumstances change in order to ensure the legitimacy of the development policies. This style does not prescribe but guides development in the desired direction.

### **The planning process**

It has already been explained that planning is aimed at development and encompasses all the public management functions, such as decision making, policy-making, organising, programming, co-ordination, communication and control. Planning in this sense is actually the making of development policy. Therefore, the planning process would entail:

- *identifying problems and assessing the present situation* through scientific research, concerning the development level of the public. A 'problem' is the gap between what is and what should be according to acceptable norms and standards. These problems may be present in low economic investment and growth with a resultant high unemployment rate, the absence of social development (low education and skills levels) of the population, poverty, or the lack of physical infrastructure for social and economic development;
- *forecasting and predicting* future opportunities and possibilities for development;
- *establishing development goals and objectives* on the strength of the forecasted opportunities and possibilities to eradicate the development problems identified and assessed;

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133 Carter, G.M., 1972, *The Government of the Soviet Union*, New York, Harcourt, Brace Jovanovich.

134 Ratcliffe J., 1981, *An Introduction to Town and Regional Planning*, London, Hutchinson, p. 21.

135 Glasson, John, 1976, *An Introduction to Regional Planning*, London, Hutchinson, p 21

- *identifying and formulating a development strategy*. This means determining alternative courses of action and to decide on the best alternative to accomplish the development goals and objectives;
- *identifying the development activities* to be executed for realising the planned development goals and objectives;
- *programming the development activities*. This encompasses the creation of activity schedules and periods for implementing the development policies;
- *budgeting* to provide for the cost of development;
- *creating a development organisation(s)* for putting the development process in motion and reporting on results;
- *periodic evaluation of results* and re-assessment of the whole planning process and making changes where and whenever necessary.

Planning for development is an ongoing process and should be sustained up to a point where the development level has reached its peak and develops its own momentum for sustainability.

### **EXERTING LEADERSHIP**

The planning process does complete the cycle of the whole management process. However, someone must be in charge of the whole management process to ensure its success. At the apex of the management process is the chief executive officer of the government organisation – the professional public administrator – leading the whole decision making process right from the policy-making process through the programming, the co-ordination, the communication, the implementation and finally the control process. The chief executive officer is situated at the apex of the management system – see Figure 5 *supra* – instructing and communicating his instructions and co-ordinating the activities of the whole organisation through the official authority channels created for that purpose. Through these functions he is supposed to lead the whole organisation towards the attainment of his department's objectives and targets in order to realise the government's policy goals assigned to his organisation.

Leadership is the process by which the chief executive officer in conjunction with his whole management team at all levels influences the behaviour of the personnel of the department, and by which his subordinate managers as supervisors, in turn, feed back information that is vital for him to induce positive action. This relationship is dynamic and should be highly active. It should be active because it is of an evolving nature in which there is a two-way give and take and a mutual understanding between the chief executive officer and his subordinate managers. They both affect one another's behaviour. Leadership is a broad concept. It is *multi-levelled*, in the sense that leadership is actually exercised at all management levels down to the foreman-supervisor at the bottom of the organisation's management team.

Leadership may thus be defined as *exerting influence* on the behaviour of a group of civil servants or an individual civil servant so that the predetermined policy goals and objectives can be realised by accomplishing the short-term programmed targets of the specific government department. The chief executive officer as leader seeks to accomplish certain tasks and targets through the direction of all assistant managers and

their subordinates. If the leader can successfully accomplish this, then it may be said that he has exerted leadership. Thus leadership may be looked upon as the accomplishment of the organisation's objectives and programmed targets through channelling and manipulating the efforts of subordinates. As Basi puts it: "It is an interactional process, wherein an individual exerts effort to direct behaviour of others towards a particular end".<sup>136</sup>

### **Requirements for constructive leadership**

There are at least three elements involved in leadership. There cannot be leadership without 'followership'; others must respond to attempts at leadership favourably before it can be described as an act of leadership. That behaviour that elicits co-operation from others towards a particular end is considered as being the leadership process. Therefore leadership is viewed as a *management function* rather than an exclusive attribute of a prescribe role. Essentially, then, one can classify the pertinent elements of the leadership function as being *the leader*, *the team* and the *organisational setting*.

### **The leader**

To lead means to walk in front of your followers, to be at the place where things are happening, not to hide in an ivory tower or the safety of a shell-proof bunker, sending instructions as commands over a remote satellite communication system to the subordinates at ground level. It means being on the battlefield leading your troops and fighting together with them to accomplish your common mission. A real leader must be there where things are happening, mixing with his subordinates, comforting and motivating them in their efforts<sup>137</sup> Traditionally it has been believed that only certain people are born with an innate capacity to lead others; the capacity refers to such factors as physical qualities, intelligence, influence and personality. In essence, leadership was seen as an inherent attribute rather than a learning process. It has been a prevalent belief that all successful leaders had to be endowed with the necessary personal traits that come naturally. This may be true for political leaders, but it may be possible that chief executive officers can be educated and can learn by experience to become leading professional public administrators.

*Personal qualities for successful leaders.* Chester Barnard<sup>138</sup> has compiled five personal qualities for successful leaders: *vitality and endurance*, *decisiveness*, *persuasiveness*, *responsibility*, and *intellectual capacity*.

- *Vitality and endurance.* In this context vitality and endurance are usually elements of physiological and psychological strength – a healthy body and a sound mind. This is an energetic attribute for hard work and for setting an example.

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136 Basi, Raghbir S., *op cit.*, p. 106.

137 Former Executive Mayor of New York, Rudolph Giuliani, was an excellent example in this regard. He immediately rushed to the World Trade Centre on September 11, 2001 to comfort the people and encourage his rescue teams, while President Bush was rushed to a safe haven from where, at a distance, he communicated with his subordinates on the scene. Guess who was the real leader.

138 Barnard, Chester I., 1948, *Organisation and Management*, Cambridge, Massachusetts, Harvard University Press, p. 90.

- *Decisiveness.* Decisiveness means not only the ability to decide, but also the capacity to do so. The ability to make decisions is the characteristic of leaders that depends upon the propensity or willingness to decide and a capacity to do so. *It includes the capacity to say No!* A leader who cannot say no is not a leader, but nothing more than a “cheerleader”. The leader must not only possess the technical competence to take decisions, but he must also be willing to accept the consequences of his decisions. He must not be afraid to admit mistakes and to correct them. Failure to decide undoubtedly creates an exceedingly unresponsive condition in any organisation.
- *Persuasiveness.* Persuasiveness refers to those abilities in the individual that can be used to influence others towards compliance. Without this quality, all other traits may become ineffective. Perhaps the preponderant non-physical persuasive attribute a leader may possess is the capacity to understand the point of view, the interests and the conditions of those to be persuaded. As said earlier, a successful public administrator must be a good listener. With an understanding of the views of those to be persuaded, the leader may persuade in a tactful manner to the mutual satisfaction of the leader and his subordinates.
- *Responsibility.* It is axiomatic that authority should be delegated concomitantly with responsibility. A person charged with a task must be given adequate authority to accomplish it – see the sections on the delegation of operational and decision making authority *supra*. This principle is generally accepted. The quality of a true leader, however, is that sense of acute dissatisfaction resulting from failure to do what he feels he is morally bound to do in a particular situation. It is such dissatisfaction that he will abhor; and therefore his actions, if he is ‘responsible’, can be relied upon. Capricious and irresponsible leadership is rarely successful.
- *Intellectual capacity.* The leader’s intellectual capacity is an important consideration. He must possess good judgement and reveal common sense. He must possess the intellect to think through the problems encountered. A thorough knowledge of his organisation’s functions and of public administration requires an endless process of studying and learning to keep him abreast of new developments. Genius is frequently explained as the ability to endlessly concentrate on detail and, therefore, in a specific sense 99 percent perspiration. However, although a certain intellect and genius is required, they are not a substitute for the other essential qualities of leadership. Intelligence is useless for leadership if it does not decide upon issues, enhance the persuasive qualities, consider responsibility a moral condition, or take into account that the persuasive process must take full account of the viewpoint of those to be persuaded.

The following personality traits and qualities may be added – see also the section on ‘Personal qualities for decision making’ *supra*:

- *A sound personal philosophy.* A sound personal philosophy is more important than a healthy body. A constructive leader must have a sound personal philosophy concerning government activities. His personal philosophy must be based on the ruling common values and principles of his society. If his personal

philosophy does not coincide with that of the people he is supposed to serve, he will always find himself in conflict with society and will not be successful – see the chapter on ‘Public Values’ *supra*.

- *Unselfishness*. The bigger the task, the greater the spirit of public service must be. It must lead to unselfishness. The *desire to serve*, not to rule and regulate, must be paramount in the thoughts of the leading public administrator.
- *Optimism, enthusiasm, inspiration and driving power*. Optimism and enthusiasm are the fountain of leadership. Good leaders are optimistic and enthusiastic. A leader must not inspire his subordinates by words only, but also by his deeds; he must set the example. He must be the real driving force behind his team. A leader must be what he wants his subordinates to become.
- *Self-assurance, self-confidence, self-belief and humbleness*. A leader must be sure of himself and believe in himself in order to gain the confidence and trust of his subordinates. Without confidence and trust, and without believing in himself, a leader will never be able to keep his team together and inspire them to accomplish their tasks. However, a leader will never attain the confidence and trust of his subordinates if he does not reveal humbleness at the same time. Humbleness develops from unselfishness. There is indeed a very fine line between self-confidence and conceit, i.e. between self-belief and being over-confident and pretentious.
- *Moral fibre and courage*. A leader must have the guts and the courage to challenge the future and the unknown. This courage must have a moral content. He must always be prepared to take risks in time in order to accomplish his task. A leader must believe in himself and his team and tackle their tasks in earnest – remember the saying: “He who hesitates is lost”.
- *Willpower and purposefulness*. Moral fibre and courage, however, are not enough. The leader must in addition have the willpower to follow the road through to the accomplishment of his task; he must act purposefully. He must under all circumstances have the willpower and be persistent in carrying on with the process of accomplishing his tasks. He must be prepared to become lonely – it is sometimes ‘cold’ at the top. He must be prepared to pay the price of being at the top – long working hours, sleepless nights and loneliness – nobody ever becomes a good leader without very hard work and pressure.
- *Adaptability and flexibility*. Constructive leadership demands flexibility of mind, the willingness to evaluate results and to admit mistakes. This does not mean that principles must make way for expediency, but that one must be flexible in the realisation of one’s goals and objectives. Without flexibility, willpower can become dangerous. If a leader is wrong and he is too stubborn to change his decisions or adapt to changed circumstances, it means that the stronger he is, the greater the disaster will be in the end. Intelligent leaders can sometimes act in a foolish way.
- *A creative mind and visionary initiative*. Vision presupposes enough imaginative power to identify tendencies and to anticipate problems. It demands a spirit of creativity to face these problems and enough initiative to solve the problems. Vision demands a high degree of creative ingenuity and sometimes generates conflicts. However, without change an organisation may land on the rocks like a

ship without a pilot. The real test for successful leadership is the ability to make the right changes at the right moment.

- *Balanced judgement, a sense of relations and common sense.* Common sense sounds so ordinary and general, but is in fact a rare and peculiar attribute that in fact forms the base for a balanced judgement. Common sense is a combination of intelligence and experience. It is a sense of seeing both the negative and positive relations between different facts and situations. It cannot be taught but it can be learnt.
- *Understanding and openness to persuasion.* The basis for all human understanding is that one must be able to place oneself in the position of others. This leads to fairness and equity. The constructive leader must possess the necessary sensitivity to show empathy and must be open to persuasion – these are the characteristics for maintaining good human relations. Such a leader knows people, their motives, ambitions, aspirations, strengths and weaknesses. He can, therefore, lead and motivate them. He will be able to choose the right personnel with the right attributes for the right job.
- *Delegation and trust.* The successful leader must be a ‘practical dreamer and a realistic optimist’, in other words, he must be a realistic pragmatist. A realistic pragmatist aims for the best, but does what is realistic under prevailing circumstances. He must be a good organiser and must now how to delegate, because he can only lead and manage to the extent to which he can successfully delegate. The basis of delegation is trust in the delegee. The leader must trust if he wants to be trusted by his delegees. A leader is as strong as the trust put in him by his followers.
- *Character.* One of the most important ingredients of successful leadership is character – an excellent term but one that is difficult to explain. A good public administrator has a personal code of moral values based on his ethical and religious life. This code of moral values includes: honesty, integrity, trustworthiness, loyalty, humbleness, sincerity and steadfastness. Honesty is the best policy. Trustworthiness can only be proved over time. Loyalty is one of the most beautiful assets of life. Steadfastness is the wonderful attribute of being able to stay calm during a storm. Just as courage is needed in danger, so steadfastness is needed in times of trouble. All these in essence form a leader’s character.
- *The specialist generalist.* We have already explained that the public administrator as leader must be a ‘specialist generalist’ – see the Introduction *supra*. He must be able to see the diverse activities of his organisation as a whole and to quickly identify what is important and what is not. What is needed is indeed not necessarily a complete insight and detailed knowledge of each small aspect of his organisation’s activities, but a broad view of how all the activities are put together for attaining the same goals and objectives. Leadership is frequently rather a case of sound judgement instead of specialised knowledge of every technical aspect of all the activities of his organisation. Therefore, it is the ‘specialist generalist’ rather than the technical specialist who makes the better leader. The specialist generalist is rather like the conductor of an orchestra; he

need not be able to play every instrument in his orchestra, but he must know the music and its composition by heart.

- *Good linguist, well spoken and an excellent communicator.* Apart from being a professional Public Administrator, being an expert on the subject and the functional activities of his organisation, a leader in the public sector must be well-spoken, sometimes bi-lingual and an excellent communicator. As already pointed out under Communication in Chapter Five *supra*, if a leader cannot communicate his instructions in a clear and understandable language he is bound to fail. Since it is only through transmitting messages from one person to another that instructions, information and ideas can be conveyed; hence the leader who is a poor communicator, not well spoken and a poor linguist is certain to have his effectiveness curtailed. For communication to be successful, the message must not only be conveyed, but also be understood by the receiver of the message. Any message, no matter how important, is nothing unless it is transmitted in a comprehensible language and understood by others.

To find a professional public administrator possessing all the above personal qualities and personality traits is almost impossible. Such a person would be close to a man-god, perfect in every sense; unfortunately, such persons do not exist. There is no such thing as a perfect human being. We are all imperfect creatures. However, it is possible for public administrators to learn to become excellent leaders by studying and learning these leadership qualities and by applying them.

One must have some facility in relating these leadership qualities to given situations, which in turn tend to influence any leader's behaviour. The number and types of situations that tend to draw upon the qualities of leadership are diverse. There are many kinds of situational forces that tend to influence a leader, for instance:

- the functional activities of the organisation;
- the leader's personality;
- the personality of his subordinates; and
- the authority and sanctions at the leader's disposal.

With such diverse situations demanding unique qualities from a leader, it is impossible that any one individual could possess all the qualities necessary to meet every situation. In one situation one may have the 'best' cluster of leadership traits, but in the next situation, one may not have the best cluster for that specific situation. This may account for all the confusion about the qualities of a leader. The conclusion for any analysis is that different functional activities require their own different clusters of leadership traits and that any one particular leader will not possess all of them. "Leaders function in a wide variety of complicated environments, and they succeed or fail for an equal variety of reasons".<sup>139</sup> However, this is not to deny the fact that a successful leader must possess at least a cluster of some personal traits needed for a specific situation. There are a number of traits that are associated with successful leadership. One cannot deny the importance of certain universal traits that may be

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139 Davis, Keith, 1962, *Human Relations at Work*, New York, McGraw-Hill, p. 104.

associated with successful leadership. What this argument does mean is that those traits that may be identified would differ from situation to situation. A person who has certain minimal traits may be successful as a leader in one situation but may not be successful in another, because he may lack one or more of the traits that are pertinent in the new context.

### ***The leadership team***

The leadership team consists of all supervisors at the top, middle and lower management levels – see Figure 5 *supra*. The most important fact to remember is that the leading public administrator is just as good as his subordinates in his management team. The team must develop a mutual loyalty, solidarity and reciprocated trust among them. The team members must not only be loyal to each other, but most importantly to their chief executive officer. However, the chief executive officer, as the top leader, must earn such loyalty by being loyal to the rest of his management team and by setting an example of good leadership. Another factor is that each member of the management team is an individual with unique personal qualities – see the section on Individualism in the Introduction, *supra*. A good chief executive officer will study the character, personality and qualities of each member of his team and utilise this for the benefit of the organisation. He should identify their strengths and weaknesses and use their strengths instead of concentrating on their weakness. By concentrating on a person's strengths and by utilising such strengths, his weaknesses will eventually fade away.

Team loyalty is paramount for the success of any organisation. Over-ambitious junior managers may in some cases become too anxious to advance in their careers. Their only hope for quick advancement then is to undermine the chief executive officer by resorting to gossip and spreading half-truths about the leader in order to get rid of him. An apparently innocent negative remark at the right moment to the right person at the right place about the character of his leader is a very subtle but sometimes successful tactic of juniors to undermine their leader. Unofficial gossiping develops and, by using the grapevine, a disloyal subordinate manager may undermine the authority of the chief executive officer. In the public sector it is not strange to find informal personal associations between juniors and ministers or other influential politicians. It is possible that a junior member and the minister of his department belong to the same private organisation or political party where they associate informally on the same social level – even on first-name terms and play golf together. They may even belong to the same secret organisation where they form a kind of 'brotherhood' looking after each other and protecting each other, with nepotism as their game.

The only defence for the leader in such cases is to be on the alert and setting an impeccable example in order to be above reproach. However, it will become an intolerable situation for any chief executive officer always to cover his back while leading his team of supervisors towards the realisation of his organisation's objectives. He cannot walk in front with somebody behind him always ready to stab him in the back. One solution can be to delegate the authority of appointment and dismissal of subordinate members of the management team to the chief executive officer. This may create a sense of loyalty to the chief executive officer because the subordinates will realise that the permanency of their positions, indeed their careers, depends on their



loyalty to the leader. The only final solution for the chief executive officer is to apply his authority and dismiss such disloyal junior partners in the team.

### **Organisational factors affecting leadership**

There are many organisational factors affecting leadership, such as span of control, delegation of authority, nature of the functional tasks of the organisation, attitude of members of the organisation, levels of supervision, scope of centralisation or decentralisation.

- *Span of control.* It is very difficult to decide on the optimum span of control. Optimum span of control, where one chief executive officer is effectively in control, depends on factors such as the qualities of the chief executive officer as leader and public administrator. It also depends on the qualities and loyalty of his subordinate leaders in his management team, the qualities of the whole workforce, the size of the organisation and the nature of the functions of his organisation.
- *Delegation of authority.* The composition of the hierarchy of authority and the nature of the decision making and operational authority delegated and the leader's trust in his subordinates is an important factor affecting his leadership. If a chief executive officer does not trust his subordinate supervisors in his leadership team, he will not delegate authority to them. In the case of no or little delegation, the leader will have to work harder, sometimes to a point where he cannot cope, with disastrous affects upon the effectiveness and efficiency of his organisation. Leaders showing no trust in their subordinates and not wanting to delegate, suffer from a lack of self-confidence.
- *Nature of the functional activities.* A desirable type of leadership behaviour depends on the scope and nature of the functional activities of the organisation. A single-purpose organisation, such as a school, makes the leadership task of a school principal much easier than, for instance, that of a chief executive officer of a multi-purpose local authority. The functions of a multi-purpose local authority ranges from the most technical aspects of electrical and civil engineering to social services such as community health and social welfare services and cultural services such as library services and running symphony orchestras. The latter demands a general knowledge of all these functions and makes the leader's task of co-ordination and communication very difficult. He is supposed to have at least some knowledge of each of these diverse activities; he must at least understand the general terminology of the various functional specialities, otherwise he will not be able to communicate with his subordinates in charge of all these diverse functional fields.
- *Attitudes of members of the organisation.* The effect of the attitude of the staff of the organisation on the leadership is perhaps the most difficult to define, since the major influence on their attitude will be the leader's own behaviour. The attitudes of the staff are a function of the behaviour of the leader. If the leader reveals a bombastic, autocratic, ill-mannered attitude in dealing with members of the public, it follows that his staff will follow his example. A positive attitude on the part of the staff will generally facilitate the leadership function and is directly

influenced by the behaviour and style of the chief executive officer as leader of the team.

- *Levels of supervision.* It is axiomatic that many subordinate levels within an organisation complicate the problems of leadership. The individual worker or supervisor at the bottom of the hierarchy feels remote since he is removed from direct contact with the top management and the top management feels isolated from the workers at ground level in a 'tall' organisation. One can understand, however, that certain situations may arise whereby a supervisor may need to exercise close supervision but cannot do so because of a too wide span of control in a 'flat' organisation. In this situation the leader is faced with the possible delegation of his authority in order to resolve his dilemma. On the other hand, the task situation maybe conducive to a wide span of control, but the levels of supervision may pressurise him into exercising close supervision. Therefore, the style of leadership may be greatly affected by the levels of supervision (tall or flat) relevant in the situation.
- *Scope of centralisation and decentralisation.* The degree of centralisation and decentralisation utilised by the organisation will also affect leadership. Large, amorphous organisations in which nearly every division must move up vertically through many levels are considered centralised. The design of the organisation itself may be conducive to centralisation when operations are highly specialised in, for instance, single-purpose organisations. Higher authority levels in the organisation must then make decisions and rigid rules generally apply. The reason is that no supervisor is in a position to be 'on his own'. Because only one employee or division produces a small part of the public goods or services, upper levels of authority must step in to ensure co-ordination. Therefore, a centralised structure may affect the divisional leader in several respects. *First*, he may have to relinquish some of his authority for more formal rules, as set forth by top management. Moreover, his use of rewards and sanctions may be restricted by formalised policies of the centralised system; converting him into a mere supervisor. *Second*, the divisional leader may be confronted with a multitude of human relations problems emanating from his subordinates as well as from other units. *Third*, the divisional leader may have trouble in motivating his staff, since objectives tend to become rather nebulous in a highly specialised unit that only sees a small segment of the total system.

*Functional decentralisation* may take place because of the variety of goods and services to be delivered, for instance, in a multi-purpose local authority. *Geographical decentralisation* can be implemented to deliver the same service in different regions or cities of a country, for instance, geographically decentralised national health services. A leader of a decentralised system should be granted considerable autonomy in carrying out the operations of his division or branch. He must have the authority to exercise fully the power of rewards, sanctions and discipline, since he must have complete authority over his unit. A decentralised organisation creates a condition whereby a leader must possess the capacity and authority for final decision making.

Decentralisation denotes a multi-purpose system that requires the divisional leader to make decisions in diverse areas.

In summary, one may conclude that the process of leadership is primarily concerned with the interactions between the leader, the team and the organisational factors. Leadership is an influential role, meaning that it exerts a force upon subordinates to attain the objectives of the organisation; furthermore it exerts an influence in the organisation to satisfy the collective public needs and common values of the public and, if successful, reconciling these with the needs and values of the organisation.

### **Methodology of leadership**

The effectiveness of leadership depends not only on the qualities of the leader, but also on the qualities of the whole management team and the attitude and spirit of the staff of the organisation. The methodology of leadership involves the creation of a positive environment that would motivate the whole staff to realise, in their own self-interests, the organisation's goals and objectives, thereby satisfying their own personal needs. The methodology of leadership involves four primary aspects:

- *Creating a positive work climate.* The leader must seek to create a positive work environment that is conducive to self-imposed discipline, motivation and a sense of responsibility on the part of the management team and the staff;
- *Harmonising goals and objectives.* The leader also needs to harmonise the goals and objectives of the organisation with those of the staff – especially their personal economic and social needs and their personal ambitions, such as self-realisation by promotion;
- *Representation and response interactions.* The leader must adequately represent his staff to outside agencies and the higher authorities in the whole government system and to take care of their legitimate claims and interests. The leader must also respond to and take care of the needs that can be met from within the limits of his authority;
- *Applying sanctions and rewards.* It is also necessary for the leader to use rewards and sanctions to secure compliance of the staff. Rewards need to be provided to all those that work positively for the accomplishment of the organisation's objectives, and sanctions need to be applied against those who do not.

Effective leadership depends primarily on mediating between the individual staff member and the management team in such a way that both the organisation and the staff can obtain maximum satisfaction – by no means an easy task. The four steps listed above are the means that the leader should use to attempt such mediation.

### **Leadership styles**

To be a successful leader demands a special leadership style. Different organisations with different functional activities and under different situations may demand different leadership styles. The leadership style of a country's defence force under a situation of war may be very different from that in time of peace, and may differ under particular circumstances from that of the chief executive officer of a department of social

welfare services. There are three basic leadership styles: the *autocratic style*, the *democratic style*, and the *rational style*.

- *Autocratic Style*. The autocratic style means that the leader makes all the decisions for the staff to follow simply without questioning. The leader is presumed to have all the authority and required attributes that place him far above his subordinates in being able to judge what is best for realising the organisation's objectives. The leader then directs the energies of the group towards the attainment of the organisation's targets and objectives. It may be suggested that in a centralised authority-oriented context the autocratic style may be effective, because it may be presumed that individual staff members are likely to be more responsive to such a style. In fact, if the leader does not assume such style, he may be considered a weak leader. This is a typical *communist style* of leadership and, in democracies, may only apply to the defence force in combat. Under normal circumstances, it can only create dissatisfaction and lethargy among the staff;
- *Democratic style*. The democratic style of leadership essentially implies that the whole staff or at least the whole management team as a group decides by casting their votes for or against a proposal. The leader solicits the support of members of the staff or team for decision making. The democratic leader is the discussion agent and acts as chairperson of a 'committee', whose purpose it is to attain objectives through majority agreement. The problem with this style is that the chief executive officer may in the end lose complete control of his management task and may become to be regarded a weakling that can be manipulated by subordinates. This opens the way for over-ambitious subordinates to undermine the leader's authority. Faction forming may result, with negative effects on the organisation's demand for group solidarity. This may create an atmosphere of hostility and may undermine the group's feeling of coherence;
- *Rational style*. One cannot expect any chief executive officer of a government organisation to surrender his authority through a democratic leadership style, while remaining responsible for the outcome of the group's decisions and still be expected to personally account for it at higher authority levels. His dilemma as leader is to take his team with him and simultaneously steer them to what he is prepared to account for. His solution is what one may call the *rational leadership style* – halfway between the autocratic and democratic styles. In this case the leader solicits the co-operation of his team and staff members for decision making. The leader draws the ideas and suggestions from the group by discussion, consultation and negotiation. Members are encouraged to take part in the discussions. The success of the rational style is to carefully listen to each member's view and opinion and to combine the positive ideas that support the ideas of the leader. The leader then negotiates these positive aspects and steers the team in a tactful manner into formulating the decision he really wants. He does this in such a way that prevents him from losing the respect and support of his team. This style relies heavily on the leader's ability to listen carefully to every one and his ability to persuade and steer the team in such a way that in the end the team accepts the outcome as their collective decision. This is the essence of successful, positive, and rational leadership.

In conclusion, it may be reiterated that successful leadership is neither a function of leadership traits alone, nor only a product of the situational context. It is rather a function of the interactions between the leader, the subordinates and the complete environment. It is the total situational context thus created, upon which depends the successful exercise of leadership for the accomplishment of the goals and objectives of the organisation.

## SUMMARY

The management functions of public administration are nothing but tools for steering and controlling the activities of a government organisation towards attaining its goals and objectives according to government policy. These functions are decision making, policy making, programming, organising, co-ordinating, communicating, control and exerting leadership. Decision making is not only an all-pervasive but also the most important management function, taking place in every sphere and at every level of the public administrative process. Decision making is neither policy making nor planning nor programming. Simply stated, decision making is a choice between two or more alternatives, be they goals, objectives, programmes, methods of financing, public values, public needs, or whatever matter or problem to be decided upon. Decision making in the public sector where party politics and social values and other unquantifiable factors play an important role is not easy. Sometimes irrational and emotional factors play an important role. However, the professional public administrator is expected to be as rational and scientific as possible. Sound decision making depends on the knowledge, experience, skills, judgement, creativity, ingenuity, the logical reasoning abilities and sometimes the intuition of the public administrator. The decision maker must have the legitimate “power” to make a decision. The delegation of discretionary decision making power is indeed the purest form of delegation. There are a number of preconditions and principles for successful delegation of decision making power. The most difficult matter to decide is what precisely should or ought to be delegated and to which level of authority it should be delegated. Here one must distinguish between matters of routine that should be executed within the limits of prescribed orders and procedures (*mandates* and *ministeriums*) and discretionary decision making power. The crux of the matter when deciding what should be delegated and what should be reserved for the delegator (legislature, executive, minister or CEO) is to treat every operational decision making power considered for delegation on its own merit. In the public sector the highest authority remains in the last instance accountable for the results of all operational activities and decisions of its subordinate institutions and officials, irrespective of the nature and form of delegation. However, any unnecessary limitation on the execution of delegated decision making powers should be limited to the absolute minimum in order to allow the maximum flexibility in the management and administration of the activities of a government organisation or institution.

The policy-making process is a complicated one and not the same as decision making and programming. It consists of a separate process of considering alternatives at various stages and levels, with decisions taken at every stage and level. The

simplest definition of policy making thus means to identify a common need or problem of the public and then to decide what to do about it (setting goals and objectives), how to do it (formulate a strategy), when to do it (compiling a programme) and with what to do it (preparing a budget) – and then to implement the policy to eventually provide for the common needs or to eradicate the common problem. Policy analysis can first be defined as an applied discipline that produces knowledge of and insight into the policy process. It uses multiple methods of research to analyse common public problems, needs and values to provide policy makers with relevant information about policy alternatives and their implications. In an *ex post facto* sense policy analysis is used in the control process for judging the outcome of implemented policy. Being a complicated process, policy making has a long road to travel before it actually reaches the implementation stage and delivers results at grassroots level. The policy-making process must pass through the following policy levels before it can reach its final stage for implementation: the political party level, the legislative level, the executive level and the administrative level. In the public sector policy making can be a long process with several phases, namely the initiation phase, the research and analysis phase, the formulation phase and the approval phase.

After deciding on a political policy, an executive policy and an operational policy, it follows logically that the policy must be implemented. There is no use in having a policy without implementing it. The next logical step, therefore, is to compile an operational programme for implementation by the relevant organisational unit of government for realising the policy goals and objectives. The policy is usually defined in vague terms. It is the task of the programmer to cast it into concrete terms for proper execution. The process of programming consists of the following steps: quantifying objectives, compiling a time schedule and setting targets, identifying the functions of the programme, compiling an activity schedule, estimating the required resources, budgeting and establishing work procedures and work methods.

It follows logically that as soon as the programme is in place and ready for implementation, the task should be allocated to an existing organisation or a new organisation should specifically be created for the purpose. One fact must always be borne in mind, namely that government organisations must be created with a specific purpose in mind. Government organisations are not created for supplying jobs but for serving the public. Organising consists of classifying and grouping activities as well as allocating groups of activities to organisations and workers in an orderly pattern so that everything the workers do will be aimed at achieving programmed objectives and targets. The organisational structure should create circumstances for effective and efficient management – in the sense of realising objectives and short-term targets at minimum cost. No government organisation, minister, public administrator, or any other civil servant may do anything without being authorised to do it. In a liberal democracy the primary authority is vested in the registered voters. Where the rule of law prevails, the constitution, theoretically approved by the voters, constitutes the highest authority. The legislature is the highest authority after the constitution, but can only legislate on matters specifically authorised by the constitution. Therefore, before any government department can be created for the implementation of a policy programme, the legislature must mandate the creation of such a department by way of

a specific law. The minister and the chief executive officer obtain their authority (mandate) to implement the government's policy from such law. The middle-level and lower-level management officials are mandated by way of their job specifications and job descriptions. The lower-level officials also derive their operational authority from their approved job descriptions. Operational authority is the right to act, or to command others to act, toward the attainment of the organisation's goals and objectives. The most important term here is the word *right*. This term specifies legitimacy in the authority context. Authority is related to one's position in the organisational hierarchy.

It should be clear that organising has to do with the division of work to create, at the macro level, separate government departments, and at the micro level, separate divisions, sections and posts within a single department. However, it is imperative that there should always be co-operation, which will ensure that everyone works towards a specific objective without indulging in unnecessary time-consuming activities. To ensure co-operation there must be co-ordination. Co-ordination means bringing the functions and activities of the various departments, divisions and sections of a department into the proper or required relation to ensure harmony and effective operation of the government department as a whole in its effort to realise its objectives and attain its short-term targets efficiently and effectively. Co-ordination should take place both horizontally and vertically. Horizontal co-ordination takes place by comparison of, for instance, policies, objectives, programmes and programme activities at the horizontal level between government organisations on the same level. Vertical co-ordination is most important at the intra-departmental level. There must always be co-ordination vertically from the chief executive officer or his deputy, down through the directors of divisions and supervisors of sections to the person doing the job at the ground level.

To co-ordinate and get things done, one must communicate. Communication is the transfer and understanding of a message. Since it is only through transmitting messages from one person to another that instructions, information and ideas can be conveyed; the public administrator who is a poor communicator is certain to have his effectiveness curtailed. For communication to be successful, the message must not only be conveyed, but also be understood by the receiver of the message. Formal communication channels of various types consist of those paths that are formally established for the flow of instructions and information in terms of work division and according to the lines of authority in the organisation's hierarchy. In an official government system, one finds two lines or channels of communication, first a vertical top-down and bottom-up channel and, second, a horizontal or lateral two-way channel of communication. Dealing with human beings, one must accept that perfect communication is not always possible. The reason is that there are physical, personal and semantic barriers to the transference of messages. The key element to successful communication is feedback. This indicates to the sender whether his ideas or instructions have been received as they were originally intended. The feedback concept is as important in the transmission of written communication as it is in oral communication. Informal channels of communication of various types consist of those networks that are based on personal relationships between people. They may, but

generally do not, correspond to the formal hierarchical structure of the organisation. The informal communication network proceeds on a spontaneous, person-to-person basis, rather than on a predetermined officially ordered one. Communications between people are carried out in a variety of ways. Oral communication is, perhaps, the most pervasive form. Written communication and audio-visual communications are also important instruments in the modern world of communication, particularly in organisational settings. In the process of complying with the public's collective needs, public officials are compelled to communicate with the public. Therefore, there must be external communication links between the government officials and the public. There must be transparency of government activities and individuals must have free access to government departments and any public official dealing with specific needs and problems of the public.

Control is the final link in the management chain of administration. When everything is in place, i.e. the policy, the programme, the organisation, the means of co-ordination and communication, and everything has been set in motion for executing the programmed activities in terms of the government's policies, an immediate need for control is created. Control is checking up on activities to ensure that they are going as programmed and, in those instances where there are significant deviations, taking the necessary action to correct the deviations. The purpose of control is not only to ensure that the programme objectives and targets are attained, but that they are attained efficiently and effectively. The government policy, programme and budget represent the framework and are the instruments for control of a comprehensive control system. It is part of the control function to make sure that all the functional activities comply with the limits set by these three aspects forming the framework for supervision and control. There are systems that have been developed to control specific aspects of the operations of a government organisation. These are, for instance, budgetary controls, programme controls, and quantity and quality controls. A comprehensive control system should provide the mechanism to check on all aspects that may be considered important for the successful realisation of a government's policy goals and objectives. Control needs to be exercised on all critical aspects of the inputs and the outputs in order to ensure that the actual performance is in conformance with the pre-established standards of action. Such an overall mechanism is a necessary concomitant to the successful operation of the government organisation. A comprehensive control system seeks to ensure that the actual performance of work in the organisation is in line with the government's policy goals and objectives as determined and set out in the laws and regulations pertaining to the organisation's mission of accomplishing such policy goals and objectives.

The control process does complete the cycle of the whole management process. However, someone must be in charge of the whole management process to ensure its success. At the apex of the management process is the chief executive officer of the government organisation – the professional public administrator – leading the whole decision making process right from the policy-making process through the programming, the co-ordination, the communication, the implementation and finally the control process. The chief executive officer is supposed to lead the whole organisation towards the attainment of his department's objectives and targets in order



to realise the government's policy goals assigned to his organisation. Leadership is the process by which the chief executive officer, in conjunction with his whole management team at all levels, influences the behaviour of the personnel of his department, and by which his subordinate managers as supervisors, in turn, feed back information that is vital for him to induce positive action. To lead means to walk in front of one's followers, to be at the place where things are happening, not to hide in an ivory tower or the safety of a shell-proof bunker, sending instructions as commands over a remote satellite communication system to the subordinates at ground level. It means being on the battlefield leading your troops and fighting together with them to accomplish your common mission. To find a professional public administrator possessing all the required personal qualities and personality traits is almost impossible. There is no such thing as a perfect human being. We are all imperfect creatures. However, it is possible for public administrators to learn to become excellent leaders by studying and learning the leadership qualities by applying them. The most important fact to remember is that the leading public administrator is as good as his subordinates in his management team. The team must develop a mutual loyalty and reciprocated trust. They must not only be loyal to each other but, most importantly, to their chief executive officer. There are many organisational factors affecting leadership, such as span of control, delegation of authority, nature of the functional tasks of the organisation, attitude of members of the organisation, levels of supervision, and scope of centralisation or decentralisation. The process of leadership is primarily concerned with the interactions between the leader, the team and the organisational factors. Leadership is an influential role, meaning that it exerts a force upon subordinates to attain the objectives of the organisation; furthermore the leader exerts an influence in the organisation to satisfy the collective public needs and common values of the public and, if successful, reconciling them with the needs and values of the organisation. Effective leadership depends primarily on mediating between the individual staff member and the management team in such a way that both the organisation and the staff can obtain maximum satisfaction – by no means an easy task. To be a successful leader demands a special leadership style. Different organisations with different functional activities and under different situations may demand different leadership styles. There are three basic leadership styles: the autocratic style, the democratic style and the rational style. Successful leadership is neither a function of leadership traits alone, nor only a product of the situational context. It is rather a function of the interactions between the leader, the subordinates and the complete environment.

There seems to be much confusion about the meaning and function of 'planning' in the public administration process. Planning is a function aimed at identifying various ways on how predetermined objectives can be realised in the future, and is aimed at letting things happen that would never happen under normal routine administrative action. It is clear that planning encompasses all the management functions of decision making, policy making, programming, organising and control. The difference is that normally these management functions are aimed at running the day-to-day routine administrative functions for delivering services to the public, but planning aims at attaining development goals and objectives in the future. The key

difference between planning, on the one hand, and all the other management functions, on the other hand, is that planning is aimed at realising development goals and objectives at a certain predetermined point in the future. The two major approaches to planning are the statist approach with its command planning style, and the democratic approach with its indicative or guiding style. There are two basic styles of planning; one is referred to as the imperative blueprint (or command) style and the other one is called the indicative process (or guiding) style. Planning for development is an ongoing process and should be sustained up to a point where the development level has reached its peak and own momentum for sustainability.

### **POSSIBLE EXAMINATION QUESTIONS**

1. Define and explain decision making as an all-pervasive management process (30 minutes)

#### **Points to be discussed:**

- Decision making as an all-pervasive management function;
  - The decision making process;
  - Personal qualities for decision making.
2. Explain the delegation of decision making power (60 minutes)

#### **Points to be discussed:**

- Decision making power/authority
  - Preconditions for successful delegation of decision making power;
  - Principles for delegation of decision making power;
  - What should be delegated and to whom;
  - Control over delegated decision making power.
3. Explain the meaning of policy making, policy analysis and the various policy-making levels (40 minutes)

#### **Points to be discussed:**

- Definition of policy;
- Policy analysis;
- Policy levels:
- Political party level
- Legislative level
- Executive level
- Administrative level.

4. Explain the policy-making process (30 minutes)

#### **Points to be discussed:**

- Initiation phase;
- Research and analysis phase;
- Policy formulation phase;
- Policy approval phase;
- Policy implementation phase.

5. Define programming and explain the programming process (30 minutes)

**Points to be discussed:**

- Quantifying objectives;
- Compiling time schedules and setting targets;
- Identify the function of the programme;
- Compiling an activity schedule;
- Calculating the required resources;
- Budgeting;
- Creating work procedures and work methods.

6. Explain organising as a public management function (30 minutes)

**Points to be discussed:**

- Definition of organising;
- Organising principles;
- Process of structuring the organisation;
- Delegation of operational authority.

7. Explain co-ordination as a public management challenge (30 minutes)

**Points to be discussed:**

- Definition of co-ordination;
- The need for co-ordination;
- Horizontal co-ordination at the macro level;
- Horizontal co-ordination at the micro level;
- Vertical co-ordination.

8. Explain communication as a public management function (45 minutes)

**Points to be discussed:**

- Formal channels of communication;
- The internal communication process;
- Barriers to effective communication;
- The importance of feedback;
- Informal communication – the grapevine;
- Positive informal communication.

9. Explain the formal communication methods as well as the need for good communication with the public (30 minutes)

**Points to be discussed:**

- Verbal communication;
- Written communication;
- Audio-visual communication;
- Public communication – first level of contact;
- Public communication – second level of contact.

10. Define the control function and explain its purpose, framework and process (45 minutes)

**Points to be discussed:**

- Definition of control;
- The purpose of control;
- The framework for control;
- The control process;
- Input and output control.

11. Explain the controversy over planning and the purpose of government planning, the approaches and styles of planning (60 minutes)

**Points to be discussed:**

- Definition of planning;
- Statist approach to planning;
- Democratic approach to planning;
- The imperative (blue-print) style of planning;
- The indicative style of planning;
- The planning process.

12. Explain leadership and the requirements for a constructive leader in the public sector (60 minutes)

**Points to be discussed:**

- Definition of leadership;
- The leader and the personal qualities and traits for successful leadership;
- The leadership team;
- Organisational factors affecting leadership;
- Methodology of leadership;
- Leadership styles.

# **PART II**

**PUBLIC RESOURCES MANAGEMENT**

**GOVERNMENT FUNCTIONS**

**PUBLIC SERVICES**

**GOVERNMENT GOALS AND OBJECTIVES**

**INDIVIDUAL SATISFACTION AND FEEDBACK**

# CHAPTER SIX

## PUBLIC RESOURCES MANAGEMENT

### STUDY GOAL

The purpose of studying this chapter is for the student to understand how to manage the resources available to the public sector such as finance, personnel, information, inventory and accommodation, without which no government can operate.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

#### **Financial management:**

- The need for money and the management of government revenue;
- Taxation of all kinds;
- User charges and consumer tariffs;
- Government expenditure and government budgets;

#### **Personnel management:**

- Ethics and personnel management;
- Professionalism;
- Public service systems and models;
- Leading and motivating personnel;

#### **Information management:**

- The need for information;
- Collection, processing, and interpretation of information;
- Inventory management;
- Management of accommodation.

### INTRODUCTION

After mastering the knowledge and skills of the public management functions, the public administrator is ready to manage the resources required for executing the programme to realise the organisation's long-term objectives and short-term targets. The resources to be managed are: *finances, personnel, information, inventory of stock and equipment and accommodation*. No government organisation will be able to realise its objectives and targets without the efficient and effective management of the resources required. The public administrator must always bear in mind that resources are scarce and limited, which means he has to apply them as efficiently as possible. These resources must also be utilised effectively; that means they must be utilised to optimise the satisfaction of the public's needs. One must always bear in mind that the rationale for establishing a government organisation is to serve the public's collective needs within the framework of the political, economic and social principles as already explained in Chapter Three, *supra*. These principles must all apply when managing the resources.

## FINANCIAL MANAGEMENT<sup>140</sup>

The availability of finance is the most important requirement for any government department to operate. Without money no personnel can be hired, no information or data can be collected, stored and processed, no accommodation can be acquired, and no stock and equipment (inventory) can be bought. Therefore, the availability of money forms not only the basis of all government activities, but determines also in great measure the successful operation of a government organisation. The four basic elements of public finance will be discussed in this part, namely: the *need for money*, *authority to impose tax*, *government revenue* and *government expenditure*.

### **The need for money**

To understand the management of public finance, one must first understand why governments need money; that is for what purposes they need it. This means that one should know what the objectives of any government at any level are. History has taught us that governments have more or less the same objectives, but have adopted different approaches in identifying their objectives and different strategies in realising them. Depending on the nature of their objectives and their specific strategies for attaining them, governments have specific functions to fulfil. In order to do so they have to deliver several types of services for which they need money to pay for the costs incurred. It must be clear by now that government organisations are instituted to supply public services to satisfy the needs of the people within the common value framework established in the country. These needs were identified as social, economic, political, security and safety needs. To satisfy these needs various functions have to be performed and a large number of organisations have to be created. A complete judicial system, a legislature, an executive authority, a large number of government departments, large police and defence forces and in some cases parastatals have to be instituted by law for supplying public services. These government institutions need personnel by the thousands and of various qualities and specialities, all kinds of information, accommodation in various forms, and a large inventory of stock and equipment to properly execute their functions in order to supply the public with public services. No organisation can operate without money to cover its expenditure related to its functional activities for realising its objectives.

### **Authority to impose tax and to allocate funds**

We have already discussed the meaning of and difference between ‘power’ and ‘authority’ – see the section on administrative law, *supra*. The definition of authority is specifically applicable in what is usually referred to as *government authority*. Authority is also the ‘power’ bestowed upon public office-bearers, be they ministers or public administrators, to execute the policies and decisions of the legislature. One must be very careful with the use of the term ‘authority’. The different explanations of authority found in the literature clearly show that some exponents of the subject do not really differentiate between the meaning of words such as influence, power, legitimacy

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140 For an advanced study of financial management see Gildenhuys J.S.H., 1997, *Public Financial Management*, Second Edition, Pretoria, J L van Schaik.

and authority. In studying public administration it is imperative to distinguish clearly between the meanings of *power* and *authority*.

When considering the authority to impose tax and collect other monies from the public, one may conclude that in a liberal democracy the actual power is vested in the registered voters. The word 'democracy' was first coined by Aristotle and was derived from the Greek words *demos*, which means nation, and *kratos*, which means power. Therefore, democracy is derived from the Greek word *demokratia*, which means that the real rulers of a liberal democracy are the registered voters, because the power to rule is actually invested in them. The relationship of power and authority between the voters-cum-taxpayers and the elected legislature was enforced by the signing of the *Magna Carta* in 1215 and by the success of the American War of Independence 1775-1783, with the slogan of 'No taxation without representation'. Therefore, the real 'power' rests with the voters-cum-taxpayers, while the authority over public financial matters rests with the elected political representatives in the legislature. The legislature, therefore, is endowed with the legislative authority on public financial matters.

The question which now arises is: how is the authority to impose tax and allocate public funds transferred from the voters-cum-taxpayers to the legislature? In theory the transfer takes place with each election of political representatives. During an election campaign, each political party or independent candidate presents what is called an election manifesto in which is explained the party or candidate's policy on public services and other related matters. Each voter then votes for the candidate or party of his choice, which implies that the voter agrees with and supports the policies of the party or candidate. If the majority of voters support the candidate or party, the candidate or party is elected as political representative of the voters-cum-taxpayers in the legislative assembly. By implication the elected candidate or party is commissioned by the voters to convert the policies contained in the election manifesto into government policy. The candidate or party actually receives the authority from the voters-cum-taxpayers to legislate on these policies, to have such laws implemented and to tax the voters to obtain money to pay the cost of the implementation of such laws. This actually means that with each election the voters invest their political representatives with legislative, executive and taxing authority. In practice, however, the power-authority relationship within a state (country) is determined by the constitution and other related constitutional legislation. However, the registered voters of a country originally approved the constitution and they have the right to expect their political representatives to uphold it; if they do not they will be removed by the next election, or by revolution.

### **Imposition of tax**

According to the principles of constitutional law, elected political representatives, as a political body within a liberal democracy, enjoy what is called *original authority*.<sup>141</sup> The proposition of the theory of the imposition of taxation by the legislature, however, is that the original legislative power does indeed rest with the registered voters. If the majority of the voters are not satisfied with the tax and other financial laws enacted by the

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141 Baxter, Lawrence, *op cit.*, p. 434.



legislature in terms of its original legislative authority, other political representatives may be elected with clear instructions to replace these unwanted laws by new ones. The power-authority theory confirms the democratic principle that the *ultimate power* over taxation rests with the registered voters-cum-taxpayers and that the *ultimate authority* to impose tax rests with the legislature. In this regard the legislature has an original legislative authority received from the voters-cum-taxpayers to impose and collect tax from them. Laws are primary manifestations of government authority<sup>142</sup> and government authority includes the authority to tax. If one accepts that in a liberal democracy, the registered voters actually approve the country's constitution, then it must be accepted that the voters made the constitution. Accordingly, one may also argue that the legislature received its original authority to enact laws on taxation directly from the voters by way of their original approval of the constitution.

If the constitution does not specifically stipulate that the legislature may delegate some of its original authority to tax to the executive authority, it cannot do so, according to the principle of *delegatus non potest delegare*.<sup>143</sup> However, in most countries the national legislature receives unlimited delegation authority constitutionally and may delegate some of its taxation authority to regional and local governments, but not to individual political office-bearers and public officials within the executive and administrative authorities. According to the principle of *delegatus non potest delegare* in administrative law, the regional and local authorities may then not delegate their taxing authority further down the line.

### Government revenue

Government revenue consists of the total yield per annum of direct and indirect taxes, user charges, consumer tariffs, levies and sundry revenue.

- *Direct taxes* can be defined as those taxes *recovered directly* from the taxpayer by the taxing authority. Examples are *income tax* and *wealth taxation*. Income tax is the traditional source of revenue for most governments. In some countries, income tax is the exclusive source of revenue for the central government, while regional and local governments have to rely on other tax sources. However, it is normal practice for regional and local authorities also to be entitled to income tax as a source of revenue. This is the case, for instance, in some states of the United States of America, where the federal government, the state governments, as well as local authorities all collect income tax from the same citizens.<sup>144</sup> For the purposes of this study it is irrelevant which authorities are entitled to income tax as a source of revenue. It would be wrong, for instance, to state that all kinds of income tax have the same characteristics and that they all distribute the tax burden progressively. Some are progressive but others not; it all depends on the structure of the specific type of income tax. The two main types of income tax are *personal income tax* and *corporate income tax*. *Wealth taxation* is very unpopular and usually forms a small proportion of total tax revenue at the central

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142 *Op cit.*, p. 387.

143 *Op cit.*, p. 434.

144 Bish, R. L. & H. O. Nourse, 1975, *Urban Economics and Policy Analysis*, Tokyo, McGraw-Hill, pp. 141-142.

government level. Various types of wealth taxation may be found, such as property tax, capital gains tax, estate duty and title deed transfer duty. Taxation on wealth implies a tax on the riches of an individual as represented by his possession of capital assets. The tax base is the monetary value of capital assets belonging to the taxpayer.<sup>145</sup>

- *Indirect taxes* are those taxes *recovered indirectly through a third party* from the taxpayer. *Expenditure taxation* such as excise duties, sales tax, import tariffs and the like are classified as indirect taxes because the taxpayer – the person on whom the effective incidence rests – is not always aware of the fact that he is paying the tax, but especially because it is levied on economic objects and functions and not on personal income and also because the personal circumstances of the taxpayers are not taken into account. The responsibility for paying direct taxes is almost impossible to shift, primarily because these taxes do not directly affect the cost of producing goods and services. On the other hand, indirect taxes such as excise and sales taxes do affect the variable cost of production and their incidence can be shifted or ‘passed on’ to someone else with greater facility. In this case, the taxpayer shifts the effective incidence of the indirect tax to the consumers of his products.<sup>146</sup>
- *User charges*, as the name indicates, are amounts of money *charged* for the *use* of specific public services. What is important here is to note the meaning of the term *use*. It means that the service used in the process is not exhausted, but remains available for the use by other persons on the paying of the prescribed *user charge*. The service does not disappear in the ‘using’ process and, on condition that it is properly maintained, it remains available to anybody who wishes to make use of it voluntarily. The service is only used to the point where the user’s need is satisfied.<sup>147</sup>
- *Consumer tariffs* differ from user charges to the extent that consumer tariffs are paid for public goods that are completely exhaustible and must be continually replenished by new stock as consumption continues. The difference lies in the meaning of the term ‘consume’. To consume something is to use it up so that nothing is left for anyone else. The consumption item must constantly be restocked with new supplies as the existing stock is consumed. These types of public goods are exclusive, which means that the consumers not paying for them can be excluded from their consumption. The supply of such public goods is also based on a voluntarily exchange relationship between the supplying government and its consumers. Another difference is that the units of consumption can be quantified and linked to specific consumers. The cost per unit consumed can be quantified and the consumer tariff is usually established according to the cost for producing such unit.<sup>148</sup>

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145 For a detailed explanation of ‘wealth taxation’ see Gildenhuys J.S.H., *op cit.*, p. 284 *et seq.*

146 *Op cit.*, p. 234 *et seq.*

147 *Op cit.*, p. 362 *et seq.*

148 *Op cit.*, p. 366 *et seq.*

## Tax rates

The tax rate is that percentage of the value of the tax base to be paid by the subject (taxpayer) of taxation. It is also known as the tariff of taxation. One must differentiate between statutory (or nominal) rates and effective rates. *Statutory rates* are the rates determined by tax legislation. The *effective rate* represents the real percentage of the value of the tax base paid as tax. Effective and statutory rates are not the same because tax bases are not the same when used as measures of affluence. Thus, a nominal 4 per cent tax on consumption would equal an effective 2 per cent tax income if only half of income is consumed.<sup>149</sup> The term *marginal tax rate* is also used in the case of a progressive income tax structure. The marginal tax rate is the percentage or part of each additional tax base unit paid as tax.

The tax rate may also be *proportional*, *progressive* or *regressive*, depending on the particular tax structure, which is a function of the ruling fiscal policy. A *proportional rate* is a fixed rate uniformly charged to all subjects of taxation irrespective of the value of the tax base. A *progressive rate* is one that increases progressively in proportion to the increase in the value of the tax base with the result that a higher percentage tax is paid on higher-value tax bases than lower-value tax bases – the marginal rate increases as the value of the tax base increases. A *regressive rate* is one that decreases in proportion to the increase in the value of the tax base, with the result that the higher the value of the tax base, the lower the percentage tax paid – the marginal rate decreases as the value of the tax base increases.

## Characteristics of taxation

The *first* characteristic of taxation is its compulsory nature. Tax is the general revenue source for financing collective services. If the paying of tax is not compulsory, the natural and rational reaction of users of collective services would be not to pay. Remember that collective services cannot be allocated per unit used and their users cannot be excluded. If any rational person could choose not to pay, he would use such a service without paying for it. Apart from all the other characteristics of taxation, the fact that it is compulsory to pay tax distinguishes it from all other sources of public revenue. If a subject of taxation commands an object of taxation with a quantifiable tax base, he is obliged to pay tax irrespective of whether he benefits from the collective service rendered by the government or not. A tax is neither a price paid for a public service nor a free contribution to the government. Governments do not rely on 'fair share' contributions because fairness is susceptible to widely differing individual definitions, particularly with regard to what one's own fair share should be.

The *second* characteristic of taxation is the absence of a direct *quid pro quo*. This means that a taxpayer does not receive an equal value of collective services for each monetary unit of tax paid. While all taxpayers may utilise collective services to the same extent, because of the differences in wealth, some will pay more tax than others. The condition for the equal utilisation of collective services is, of course, that all taxpayers must enjoy equal access to all collective services. It may be argued that each

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<sup>149</sup> *Op cit.*, p. 239.

taxpayer receives an equal value from, for instance, the military defence of his country against external military aggression. The opposite, however, may also be true. It could be argued that the wealthier taxpayer, precisely because of his superior wealth, stands to lose more in case of war than his less wealthy counterpart does. The wealthier taxpayers are sometimes also in a better position to make full use of collective services. An example is the utilisation of streets in an urban area. Streets are financed from property tax. The wealthier taxpayer may possess two or more motor vehicles using the streets, while a poor taxpayer may possess only a bicycle. The difference in the utilisation value is clear. Therefore, and in spite of the fact that no direct *quid pro quo* can be calculated, an automatic allocation of utilisation value does exist, more or less in relation to the amount of tax paid. The degree to which a taxpayer utilises collective services, apart from possible geographical constraints, depends on him. The more he utilises them, the greater the value he receives. Yet the fact remains that, because of the differences in wealth and the consequent differentiation in taxation, some taxpayers pay more than the value relative to what they have received.

A *differentiated tax structure* based on wealth provides an equalisation process creating a measure of financial equality amongst taxpayers. The point of equality is the average per capita cost for rendering the collective service. Some taxpayers pay more than the average per capita cost, while others pay less. The average value of collective services is the average per capita cost; therefore, there will never be a direct *quid pro quo* in the case of taxation.

### **Ethics of taxation**<sup>150</sup>

The structural ways in which equity in taxation can be secured are abundant. There may also be a multiplicity of views on how reasonableness and fairness can be secured in a tax system. On the left of the political spectrum one finds the Marxist or socialist view on the redistribution of wealth, namely the imposition of a progressive income tax system where everyone is taxed according to his *ability to pay* and where everyone receives public goods and services according to his needs. The provision of public goods and services based on needs only means that the poor receive public goods and services at the expense of the rich. According to this criterion, governments will be inclined to prefer need as a measure for distributing public goods and services; this demands an area-wide tax system with local redistribution centres. On the right of the political spectrum one finds the classical capitalist approach that implies that any individual is entitled only to what he can afford and that he may enjoy public goods and services only to the extent of his cash contribution towards their costs. According to this approach, more public goods and services will be rendered to the wealthier part of a community and less to the poorer part. This approach is based on absolutely free and equal access of everybody to all public goods and services, where each individual can enjoy particular public services according to his ability to pay, or according to his tax contribution in the case of collective public services. There is also a third criterion by which equity and justice can be secured, namely free and equal access to all public services according to social class, which brings horizontal and vertical equity into play.

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150 For a detailed discussion of the ethics of taxation see Gildenhuys, J.S.H., *op cit.*, p. 224 *et seq.*

### ***Horizontal equity***

One idea of tax justice or tax fairness that permeates the history of economic thought is equal treatment for taxpayers in equal economic circumstances. Equal tax treatment implies that taxes should not be arbitrary in nature or discriminatory in practical application. In essence, taxpayers in identical economic circumstances should be taxed by the same amount. If income is taken as the tax base, then the equal tax treatment principle is obviously violated when taxpayers with the same taxable income pay different amounts of taxes. If spending rather than income is the tax base, then an equal amount of spending should result in equal tax payments. A tax distribution that adheres to the equal tax treatment principle provides for what is technically known as *horizontal equity* in the distribution of the tax burden.

### ***Vertical equity***

An obvious corollary to the principle of equal tax treatment for economic equals is the principle of unequal tax treatment for economic unequals. This principle is known technically as vertical equity. Vertical equity concerns the proper relationship between the relative tax burdens paid by individuals with different capability to pay taxes. The comparison is between unequals and the question is how much tax payments should differ. No scientific guidelines indicate what the proper differentiation might be, but most would agree that those with more capacity ought to pay more taxes. This simple observation, however, provides minimal guidance for tax policy. The vertical equity concept gauges the relationship between income and effective tax rates. The classification of tax equity demands the consideration of the ability-to-pay principle and the benefit-received principle.

### ***Ability-to-pay principle***

The ability-to-pay principle states that taxes should be distributed among taxpayers in relation to their financial capacity – their ability to pay a certain amount of tax. This principle avoids the philosophy of a free market and is a typically socialist rule based upon the Marxist tenet of each paying according to his ability and each receiving according to his need. The argument is that, because collective public services cannot (like particular private services) be allocated per unit consumed or used, the free market cannot decide and a political decision is the only solution. The political decision and not the free market will decide on the distribution of the tax burden according to prevailing perceptions of what is reasonable and just. Unfortunately, there are no objective scientific measures according to which tax equity can be determined. If individual satisfaction levels could be measured and compared among individuals, tax systems might be designed to yield revenues for public use with the least loss of satisfaction to society. However, there is no calibration method, so the hope of scientific tax distribution seems beyond reach. Tax distribution is a matter of subjective political choice, not objective science.

### ***The benefit-received principle***

The benefit-received principle is an endeavour to apply market principles to determine the 'price' of public goods and services. The logic of the benefit-received approach is an appealing adjunct to the exchange economy for private goods and services. According to economic theory, market prices of private goods and services reflect, *first*, the benefits or valuation that consumers place on each additional unit thereof, and, *second*, the cost of producing that additional unit – the so-called *marginal cost theory*. Accordingly, under the benefit-received principle, taxes are regarded as 'prices' and distributed in accordance with estimated marginal incremental benefits received by taxpayers from government goods and services. In a quasi-market arrangement, individuals would pay for a public service if and only if they benefit from the public service. If the individual benefits, he pays an amount consistent with that benefit; if he does not benefit, he does not pay. There is neither the danger of over-supply of public goods and services that can result when individuals receive public goods or services at artificially low cost, nor the equally dangerous under-provision that can result when individuals perceive a payment greater than the value of services expected to be received. The benefit-received principle amounts to the fact that the user of public goods and services receives a direct *quid pro quo* for the price he pays. A taxpayer receiving only one percent of the benefits of a public service would pay only one percent of the cost of providing that service; there would be no cross-subsidisation among taxpayers, which means that no redistribution of wealth would take place. It also means that individuals would use public goods and services only to the extent that they could afford them.

### **Income taxation**

Income tax is the traditional source of revenue for most governments. In some countries, income tax is the exclusive source of revenue for the central government, while regional and local governments have to rely on other tax sources. It is, however, normal practice for regional and local authorities also to be entitled to income tax as a source of revenue. Which authorities are entitled to income tax as a source of revenue is not relevant for the purpose of this study. What is important is understanding what income tax is all about: what is the *object of taxation*, the *tax base*, and the *tax rate*; and who are the *subjects of taxation*?<sup>151</sup> A matter also to be clarified is what the objectives of income tax are. What must be emphasised at the outset is that not all taxes based on income or classified as income tax are the same and propositions on the elasticity, productivity, effectiveness and equity or on any other characteristic of a specific kind of income tax should define its structure precisely. It would be wrong, for instance, to state that all kinds of income tax have the same characteristics and that they all distribute the tax burden progressively. Some are progressive but others not; it all depends on the structure of the specific type of income tax. Several types of income tax exist, such as personal income tax, corporate tax, payroll tax, and turnover tax. It is necessary to explain some general characteristics of income tax, such as defining income and net taxable income as well as the general goals of income tax.

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151 See Gildenhuys J. S. H., *op cit.*, Chapter 9, p. 211 *et seq.* for an explanation of all these terms.

## Defining income

The statutes do not define income but rather list types of transactions that produce income for tax purposes. Items on the list may include wages, salaries, interest on investments, stock dividends, royalties, income from professional services, from business activities, from farming and so on. There is no general definition for use in case of doubt.

### *The Haig-Simons definition*<sup>152</sup>

Many income tax analysts favour the Haig-Simons definition of income as a standard. The version proposed by Simons defines personal income for tax purposes as “the algebraic sum of (i) the market value of rights exercised in consumption, and (ii) the change in the value of the store of property rights between the beginning and end of the period in question”.<sup>153</sup> In other words, income equals consumption plus any increase in net wealth during the fiscal year, which means that the subjects of income tax pay tax on the yearly appreciation of their objects of wealth as well.

In economic terms income is usually defined as the amount that someone could potentially consume without reducing his net real wealth. However, even this comprehensive definition, which includes capital gains and losses and windfall receipts, can give rise to anomalies. The first problem is that the real wealth of a taxpayer is no true indication of his liquid financial ability to pay tax. Capital appreciation of property cannot always be converted into cash easily. It can happen, therefore, that a taxpayer will have to alienate part of his property by way of a cash sale or by mortgaging it in order to obtain cash to pay his income tax. In such a case his real wealth can diminish, in theory at least, to a point where his capital assets are exhausted and his wealth, together with the tax source, disappears completely. The second problem is that a possible depreciation in the real value of a capital asset can equalise the yield of such an asset that may reduce the taxable income to zero, while income is still generated using the asset. This problem can be illustrated as follows:

Consider the case of someone having no income other than that deriving from a fortune invested in *fixed* interest-bearing bonds. It is conceivable that if the market rate of interest rose significantly (above the fixed bond rate), the ensuing fall in the bond price and the concomitant capital losses would be sufficient to offset the interest income. Accordingly, no income tax would be due even though the annual *de facto* current resources available to the investor had not changed.<sup>154</sup>

It should be clear, therefore, that the Haig-Simons definition of income would create cash-flow problems for the taxpayer, if he were expected to pay tax on the value of the real capital appreciation of his assets before this could be realised in cash. This definition also creates considerable assessment and administrative problems in its implementation.

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152 Named after Robert Haig and Henry Simons who formulated this definition in 1921 and 1938 respectively.

153 Mikesell, J. L., 1986, *Fiscal Administration: Analysis and application for the public sector*, p. 271.

154 Margo, C. S. (Chairman), 1987, *Report of the Commission of Inquiry into the Tax Structure of the Republic of South Africa*, p. 71.

### ***Production-flow concept***

Because of these difficulties a production-flow concept of income is widely used for practical purposes. This concept of income relates to the remuneration received by factors of production for their services: the sum of all factor remunerations during a particular period is regarded as the total individual income tax base. If a particular individual receives something of value as compensation for a factor service, the particular receipt is classified as income for tax purposes. Accordingly, this definition of income could exclude capital gains. The theoretical justification for this approach is that a capital gain is not the result of current production, no current income being generated, and therefore should be regarded as a tax-free addition to net individual wealth.<sup>155</sup> Another sound argument is that the appreciation of the real value of capital assets does not put pressure on public services: it does not increase the demand for or the costs of public services and should therefore not be taxed.

Existing income tax structures avoid general and broad definitions of income, especially the Haig-Simons concept, and tend rather to use the production-flow concept. At the same time, however, the narrow concept of income can distort individual choice and can create equity problems because it favours certain incomes over others. Furthermore, the broad base concept reduces the administrative problems of determining whether a particular income falls into the taxed or untaxed category. Finally, breadth permits the psychological and possibly economic advantage of low rates to produce a given yield.<sup>156</sup> It remains difficult to define income unambiguously for taxation purposes. What should be remembered is that the current net income of a taxpayer determines his real liquid financial ability to pay tax and not his wealth measured against the market value of his assets. Therefore, *current net income as a tax base* complies with the equity principle; this is so especially in the case of a proportional income tax structure, where the taxpayer with the higher income pays proportionately more than the one with the lower income.

### ***Taxable net income***

Thus far we have tried to explain the term “income”. What is more important for income tax purposes is what taxable net income is. Taxable income is usually described in legislation according to a series of defined income tax terms beginning with *gross income* reduced by *exemptions* to create a result called *income*. The income so calculated is further reduced by deductible expenditure and/or allowances eventually to obtain what is called *taxable net income*. Gross income therefore forms the basis on which taxable net income is calculated. Specific receipts are usually listed in tax legislation, which together form the gross income of the taxpayer.

### ***Deductions***

The general philosophy of income taxation is that the tax should apply to net income. It ought not to apply to gross receipts, because such a tax would apply to the cost of earning an income as well as the income itself. The cost of earning income does not contribute to the wealth of a taxpayer – it rather creates an investment risk; it should

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<sup>155</sup> *Op cit.*, p. 72.

<sup>156</sup> Mikesell, J. L., *op cit.*, pp. 271-272.



therefore be subtracted from the gross income for taxation purposes. The rule is that only that part of gross income that contributes to the expansion of the wealth of the taxpayer should be taxed, that is *the net personal income or net profit* in the case of a business firm. Determining the costs of earning an income is not simple. In this case a distinction should be made between *consumption expenditure* and the *cost of procuring income*. There is no clear-cut and logical dividing line between these two concepts of expenditure. For example, commuting expenses are apparently a cost of procuring an income; if one does not get to work, income is not earned. This expenditure, however, results from a free choice of place of residence and is thus a consumption choice. On the other hand, the travelling costs for business trips, such as those of commercial travellers, in order to produce income are most definitely costs incurred in procuring income. Moving expenses incurred in changing the place of employment or business, on the other hand, are considered a cost of procuring income and should be allowed to be subtracted from gross income to obtain the *net tax base*. The presumption is that such expenses are necessary for earning income and are not expenses deriving from consumer choices.

The same arguments can be advanced in the case of other expenses such as personal medical expenses, entertainment of customer expenses, the costs for advanced professional and technical training and many others, because they can all be regarded as costs of procuring income. The determination of the difference between costs of procuring income and consumption expenditure is problematic. For this reason tax legislation usually defines clearly the deductions allowed for determining taxable income; this amounts to operational (working) costs, or put another way, the costs of procuring income. The difference between the costs of earning income and consumption expenditure remains very vague, and choices must finally hinge on the question of what side the error is best made.

### ***Exemptions***

The deduction of the costs of procuring income does not yet result in taxable net income. What should also be taken into consideration before taxable net income can be obtained are exemptions. One must bear in mind, however, that, despite the fact that certain cash receipts and other income may be completely exempted from income tax, they remain income in terms of the economic and/or Haig-Simons definitions. Tax legislation sometimes lists quite a number of exemptions with different characteristics.

Exemptions can take on two typical forms. *First*, some organisations or persons are exempted from taxation because of the nature of their activities. These are usually organisations without a profit motive but with a service motive instead, rendering services to the public or to their own members at cost price. Although they are allowed to generate surpluses for future use, these surpluses are not taxable. These may include organisations such as churches, sports clubs and all kinds of utility companies not established for gain. *Second*, certain types of income may be exempted from taxation. It is these exempted incomes that should be deducted from gross income after costs of earning income has been deducted to determine taxable net income. Exempted income can be categorised in three main groups, namely, (i) income from labour, (ii) income from investment, and (iii) government subsidies. These exemptions may differ from country to country, depending on the fiscal policy of the country. No hard and fast rule

can be laid down as to what income should be exempted and what not. It all depends on the policy of the government in question. As far as government subsidies are concerned, it would be ridiculous to tax such subsidies. It would make no sense to pay a subsidy from tax revenue and then take part of it back again as a refund to the state revenue fund.

When all the statutory deductions and exemptions have been calculated against gross income, the *taxable net income* is obtained. It is on this taxable net income that the tax payable is calculated in terms of the statutory tax rate.

### **Goals of income taxation**

From an *administrative point of view* the purpose of income tax is to *supply enough revenue* for financing public services. This goal tempts governments into imposing a *progressive income tax system* in spite of its inequity, because it is the most productive tax system. In countries with a very unequal distribution of the national per capita income and with vast social needs amongst the underprivileged part of the population, the temptation to impose a heavy progressive income tax system will be great. The question, however, is whether the small group of wealthy taxpayers in such a case would be able to keep on supplying enough tax revenue without also becoming poor in the process. In the case of wealthier communities, where the distribution of the per capita income is not very unequal, a proportional tax system may supply enough revenue, while even a regressive tax system may deliver ample revenue in an affluent society. Depending on peculiar local circumstances in the country or community, a combination of *progressive, proportional and regressive tax systems* may even supply enough revenue without any negative effects on the economy as a whole and without harming the wealth of individual taxpayers. Local circumstances will dictate the most equitable tax system for supplying enough revenue.

From a *political point of view* the purpose of income tax is the *redistribution of wealth*, which aims at the elimination of the unequal distribution of per capita income. Absolute equality in wealth is, of course, a socialist pipe-dream. Because of the natural genetic differences between individuals, absolute equality in wealth is impossible, and if absolute equality were to be obtained through a heavy progressive tax system, according to socialist doctrine, the eventual result could be a complete impoverishment of the whole community. The aim can therefore only be to eliminate as far as possible gross unfairness and unreasonableness in the tax system and to create, through the delivering of public services, free and equal opportunities for each individual to develop his own wealth according to his personal abilities.

From an *economic regulation point of view*, it is believed that income tax is the ideal instrument for creating economic stability, because disposable income in the pockets of taxpayers increases in the case of a tax decrease and decreases in the case of a tax increase. How strong the influence of income tax as a direct tax is on economic stabilisation depends on its yield in proportion to the total revenue of the government. The larger the proportion the stronger an instrument it would be. However, it would serve no purpose if a government in an economic peak situation withdrew money from the economy through the income tax system only to spend that money itself. In such economic circumstances the additional money withdrawn from the economy should be kept unspent for later application during a depressed period.

Correctly applied, income tax, according to this principle and if all other economic variables allow it, can be a valuable instrument for economic stabilisation.

Unfortunately, this attractive possibility is not free from practical difficulties. The first practical problem in implementing fiscal policy in general and tax adjustments for stabilisation purposes in particular concerns the irregularity of the business cycle. Tax changes made for reasons of stabilisation, therefore, cannot have a term set to them at the time that they are introduced. Because considerable lags occur between the introduction of fiscal policies and their effects, the danger exists that a policy, correctly introduced, can take effect at a time when the need for it has gone and a different measure is possibly required. This problem is exacerbated by the lags in identifying correct policy measures that result from delays in processing the necessary statistical data. For these reasons efforts to stabilise the economy have generally been in vain. Attempts to do so by using income tax in isolation from the other aspects of fiscal policy are even less likely to be successful.

### **Personal income tax**

Personal income tax usually forms the largest portion of the total tax revenue at the central government level, that is in countries where income tax is the exclusive tax source of the central government. A person's taxability is determined by the following factors: (i) the scope of the definition of income applied by the government and the size of the individual's taxable income in terms of this definition; (ii) the scope of the exemptions and deductions from his taxable income for which he qualifies; (iii) the applicable tax rate and scale. This means that to calculate personal taxability one must, *first*, determine the tax base: what should be included as taxable income, after considering statutory exemptions. *Second*, the statutory deductions must be taken into consideration in order to determine taxable income. *Third*, the statutory tax rate must be used to calculate the amount of tax. *Finally*, the statutory personal rebates must be calculated and subtracted from the tax amount in order to determine the net amount of tax due to the government.

### **Corporate income tax**

The taxation of companies as corporate institutions is a relatively recent development. Although the United States of America introduced a corporate income tax in 1909 – even before the imposition of personal income tax – in Britain the separate taxation of companies started only in 1947.<sup>157</sup> An obvious question with which to begin an explanation of the corporate tax system is: why tax companies at all? A common reply, and indeed one that was used in the USA to justify the introduction of a corporate income tax system, is that corporate status conveys certain privileges for which companies should pay. In particular, companies have limited status, thus protecting their shareholders in the event of bankruptcy. At first sight this argument has some appeal, but on closer inspection it is less attractive. There is no reason to believe that the benefits of incorporation are proportional to profits and one might as well argue for a licence fee for companies. More fundamentally, although limited

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157 Kay, J. A. & M.A. King, 1990, *The British Tax System*, London, Oxford University Press, p. 164.

liability is a very convenient form of contractual arrangement between shareholders and creditors, it is a voluntary agreement entered into by both sides. Before lending to a company, the creditors know that the shareholders' liability is limited and they can adjust the terms on which they are willing to lend accordingly. There is no reason to tax one party more than the other. The mere fact that some firms are incorporated is not a very strong argument for imposing a separate tax on them. Indeed, insistence on treating companies as entities distinct from the individuals who own them has provided a tax shelter for retained earnings.

Another argument which has been used is that companies can afford to shoulder an extra burden and that companies as well as persons should pay their fair share of taxes. This argument is completely erroneous. The effect of a tax is to reduce either leisure or consumption or both below the levels that would have been chosen in the absence of the tax. Whether any given tax burden is distributed fairly can only be discussed with reference to the effects on the different individuals in society. Individuals own companies and it is meaningless to talk about the welfare of a company. The fact that a company is a legal personality of its own, quite distinct from that of its managers, shareholders and employees, cannot change the fact that a tax can only affect the well-being of those who work for or own the company, or consume its products.<sup>158</sup>

### **Tax base of corporate taxation**

If there is to be a separate corporation tax, it is important to choose a tax that does not conflict with the objectives of the personal income tax system. Four different corporate tax systems can be identified namely, the *classical system*, the *imputation system*, the *two-rate system* and the *integrated system*. These systems determine the tax base of corporate taxation.

#### ***Classical system***

The classical system is perhaps the simplest system to understand and is often represented as embodying the principle that the tax liability of the company should be completely independent of that of its shareholders. Under the classical system the company pays a proportional rate of corporation tax on its taxable profits, and then the shareholders pay personal income tax on their dividends and capital gains tax on the gains that arise from corporate retentions. A company wishing to raise a given amount of finance may either retain profits, or distribute the profits as dividends and issue new shares, or borrow the money and pay interest charges on the loan. The classical system discriminates between the first two sources of funds unless capital gains are taxed at the same rate as investment income, and it favours debt finance if, as is almost always the case, interest payments may be deducted against profits in determining taxable income. It is precisely this discrimination between dividends and retentions that constitutes the major objection to the classical system, because it involves the double taxation of dividends. The double taxation arises because dividends are subject to both corporate tax and personal income tax, whereas retentions are liable only to corporate tax.

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158 *Op cit.*, p. 153.

### ***Imputation system***

The imputation system alleviates part of the double taxation of dividends. It gives shareholders credit for tax paid by the company, and this credit may be used to offset their personal income tax liability on dividends. Part of the company's tax liability is 'imputed' to the shareholders and regarded as a prepayment of their income tax on dividends. The company pays tax on its profits at the statutory rate and any profits that are subsequently distributed are regarded as having already paid income tax at a certain rate, which may be called the 'rate of imputation'. In Britain, for instance, the rate of imputation is always set equal to the basic rate of corporate income tax. Shareholders only have to pay additional personal income tax on their dividends if their marginal rates exceed the basic corporate income tax rate, while if their marginal rates are less they actually receive a refund from the Receiver of Revenue.<sup>159</sup>

### ***Two-rate system***

Another method of alleviating the double taxation of dividends is to charge a lower rate of corporate tax on distributed profits than on undistributed profits. This is called the two-rate system. Although this system softens the double taxation of dividends, it does not completely alleviate the double taxation.

### ***Integrated system***

An alternative system is simply to integrate the personal and corporate tax systems and, for tax purposes, to regard shareholders as ordinary partners in a business. Under the integrated system, as it is called, each shareholder is deemed to have earned a fraction of the company's profits equal to the fraction of its shares which he owns. The effect of this is that the company's profits, both distributed and undistributed, contribute part of the shareholder's personal taxable income. Once a year each shareholder would receive a piece of paper from the company showing his taxable profits for the last year together with a tax credit for the tax paid by the company on his behalf. The taxable profits would be added to his personal income and the taxed paid by the company would be subtracted from his total tax obligation.

### **Wealth taxation**

Taxation on wealth implies a tax on the riches of an individual as represented by his possession of capital assets. The tax base is the monetary value of capital assets belonging to the taxpayer. It is sometimes argued that the possession of capital assets as such contributes to a taxpayer's ability to pay and that their monetary value offers an acceptable base for levying the tax. The most important reason for imposing a tax on personal wealth relates to considerations such as vertical and horizontal equity between taxpayers within the same community. The objective of horizontal equity is the equal treatment of taxpayers with comparable abilities to pay tax. In this regard capital assets provide security and independence, the ability to consume because of the income they generate, and they provide greater ability to pay than the income generated by such capital assets. The primary requirement for the validity of this argument is that all capital assets must generate income supplying the taxpayer with

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159 *Op cit.*, p. 159.

cash to pay tax on the value of his wealth. This supposition does not apply in all circumstances and for all classes of capital assets. Some capital assets such as dwellings occupied by their owners and under-utilised land yield no cash income for their owners but generate only expenditure. In cases of capital assets not yielding any income, in spite of their monetary value, the taxpayer must pay the tax on such property from his personal taxable income from other sources on which he has already paid income tax. In such cases the wealth tax increases the effective income tax rate of the taxpayer and puts tax equity out of the question.

Identifying the objects of wealth taxation is easy, but defining the tax base can be problematic. The monetary value of capital assets to serve as the tax base can be determined in various ways. The question is whether the tax base should be determined according to the market value, the replacement value, the original value, or the production value (capitalised value) of the capital asset. A further question is whether depreciation or appreciation should be taken into account. In the case of real property tax the market value of a taxable property may increase considerably due to a decrease in the value of the monetary unit because of inflation and other market-related factors. When in such cases the tax rate is not adjusted downwards simultaneously, it means that the taxpayer would have to pay more tax, even though his property may not generate more real income – unless the market allows him to increase his rent. If the market does not allow him to increase his rent, he will have to absorb the tax increase himself, or shift it backwards by way of a decrease in his factor payments, if this is at all possible. It is indeed quite logical that an increase in the market value of real property increases the overall wealth of its owner, but does not necessarily increase his income. In other words it does not necessarily increase the owner's *wealth liquidity*, and it is the wealth liquidity that determines his ability to pay any tax increases.

The statutory tax rate of wealth taxation can, as is the case with any other tax system, be progressive, regressive, proportional or a combination of two or all three of these rating systems and will have the same impact on the average and effective tax rates as, for instance, in the case of income tax.

### **Goals of wealth taxation**

In the case of real property tax the purpose, from an *administrative point of view*, is to yield enough income for financing collective services. This hardly applies in the case of estate duty, transfer duty and capital gains tax, because they normally form a very small part of a government's revenue and serve only as supplementary sources of revenue. In a country with a relatively unequal distribution of income, it can be accepted that the distribution of wealth and property ownership would also be very unequal because of the direct correlation between income, wealth and property ownership.

From a *political viewpoint* the proposition is that wealth taxation is aimed at the *redistribution of wealth* in order eventually to create greater wealth equality between property owners and non-owners. Wealth taxation with the object of eventual equality in wealth for all supports the socialist philosophy of Karl Marx and Friedrich Engels, who indeed advocated the abolition of the right of inheritance as well as the abolition of certain property rights (*Communist Manifesto*, 1848). Wealth taxation can indeed be regarded as an indirect abolition of the right of inheritance as well as an indirect

confiscation of the capital assets of property owners with the yield being applied to pay free public services to non-owners. On closer examination, however, we see that the eventual result is not that property is distributed in such a manner as to allow everyone to become a property owner. Depending on the progressiveness and scope of the 'confiscation', the result of wealth taxation can be that everyone eventually becomes propertyless and that all capital assets became state property. The taxation of wealth is, therefore, the ideal instrument for paving the way for socialism. This argument is especially applicable to estate duty, but cannot be applied in an unqualified manner to capital gains tax and real property taxation.

From an *economic stabilisation point of view* wealth taxation cannot be regarded as neutral and the redistribution of resources between the private and public sectors does take place. Excessive taxation on wealth can impede investment and, as a consequence, also real economic growth to such an extent that the gross national income which forms the overall base for taxation can stagnate or even decline, with a decrease in income tax revenue as the eventual result. On the other hand, capital gains tax may counteract indiscriminate speculation in equities and other stock on the stock exchange, thereby channelling more money to new and more productive real industrial development that in the end may create more wealth for all. This advantage would, however, only be possible where the rechannelling of investment because of capital gains tax on the sale of shares is not neutralised by an investment taxation on the value of new productive industrial assets. Excessive investment taxation would not enhance real capital investment in productive industrial assets. Because there is a time lag between the creation of productive industrial assets through investment and the profitable production of such assets, a capital gains tax on shares is not an effective instrument for stabilising economic activities.

### **Property taxes**

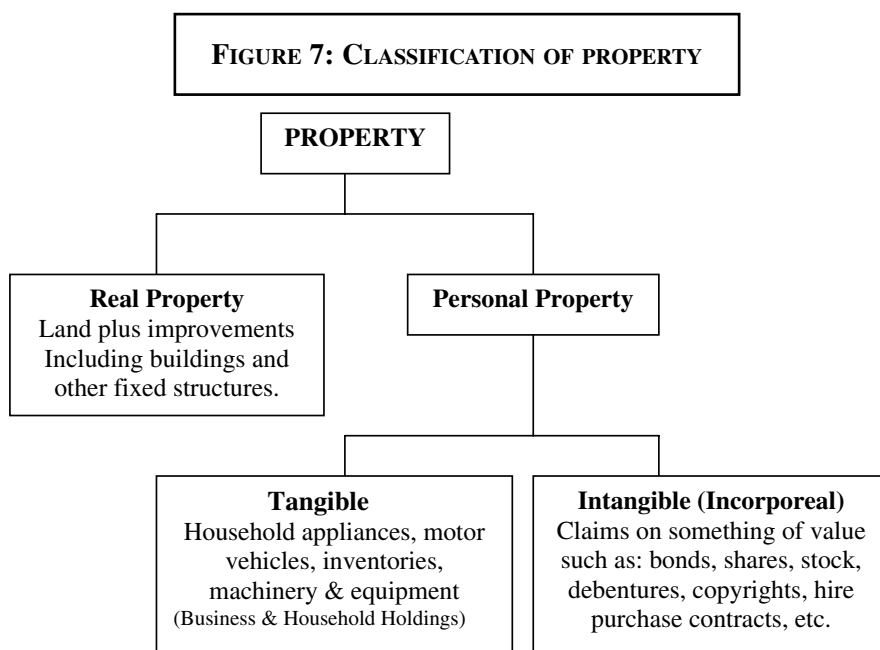
Property taxes are the closest approximation to wealth taxation currently levied in most democracies. They are not, however, true net wealth taxes because they typically omit some wealth types, such as individually owned personal property; they apply to gross and not to net wealth, because the debt against a house or motorcar will seldom be completely subtracted from its taxable value. They may also apply twice to certain wealth forms; for instance, both company stock values and fixed property owned by companies are often taxed. To the extent that property taxes do reach wealth holdings, they add an element of redistribution from rich to poor otherwise missing from the tax structure. Because property taxes apply to accumulated wealth and not to income, they may also have less effect on work and investment incentives than does income taxation. They, however, are not based on values from current transactions, as is usually the case for income and consumption taxes, so the tax requires a value-estimation procedure, sometimes called an assessment procedure. The assessment procedure is the primary weakness of property taxation.

The object of property taxation is, of course, the property owned by the taxpayer. Property within reach of the tax system can be categorised in several ways. One important distinction is between real property, such as land and structures or improvements erected on that land, and personal property, which is not real, and a grouping which includes valuables ranging from factory equipment to jewellery,

motor cars, negotiable stock and trading inventories. Personal property is more easily movable in the market place than is real property, but there is no general dividing line between these groupings. Governments develop their own definitions, usually resorting to lists of property types that fall into one or the other at the borderline. The distinction is crucial, because some governments tax personal property more heavily than real property, while others exempt certain personal property.

A second distinction is between tangible and intangible personal property. Tangible property is property held for its own sake, including motorcars, household appliances, machinery, inventories of raw materials and finished products. Intangible property is property valued because it represents an ownership claim on something of value. Thus, intangible properties include equities, bonds and other financial assets. Property taxes vary widely in the extent to which they apply to these properties. Many types of tangible property are both difficult to locate and, once located, difficult to value; intangible personal property, on the other hand, can often be valued easily but is frequently difficult to locate. Sometimes intangible property is exempt by law; sometimes by local practice. Taxation is seldom complete.

A third distinction frequently made for property taxes is between business ownership and individual or household ownership of property. Business holdings of personal property may be taxable, while household holdings of the same item are not taxed – a household personal property exemption. However, the logic of a net wealth tax would suggest that the household possession represents wealth, probably more so than the business holding, but most structures rule in the opposite manner. Within the business class some types are treated differently, as with public utility property, which is often valued as an operating unit, not on an item-by-item basis as is the case in other assessments.<sup>160</sup> Figure 7 explains the classification of properties as objects of wealth taxation more clearly:





## Consumption taxation

So far we have explained income and wealth taxation. The next revenue source to be described and which, under normal circumstances, yields a great deal of revenue for government is consumption taxation. In this regard one must distinguish between consumption expenditure and production expenditure. *Consumption expenditure* refers to the expenditure of a *consumer* from his personal income or other cash holdings on *final* goods and services to provide for his daily necessities. *Production expenditure*, on the other hand, refers to the expenditure of a *producer* of final goods and services on production resources serving as inputs in the production process. Two *special evaluation standards*, besides those important for all taxes, apply to consumption tax structures. These are *uniformity* and *neutrality*. The *uniformity standard* is applied so that there should be a uniform tax on consumer expenditures. If the tax is intended to do anything else, it ought not to be a consumption tax. Thus, the tax structure should ease shifting the incidence to the ultimate consumers; it should apply a uniform tax rate to all consumption expenditures unless there is a good reason to do otherwise, and it should apply to the amount actually paid by the consumer. The *neutrality standard* is applied so that, in order to avoid loss of economic efficiency, there should be no competitive disturbances among types of distribution channels, methods of doing business, or forms of business organisation. Choices ought not to be distorted because of the tax.<sup>161</sup> If an input tax on production expenditure is imposed, it could be argued that it is not neutral to the production process, because it may influence the producer's decisions on expenditure and production. Exemptions may also interfere with neutrality.

Consumption taxation is an indirect form of taxation because (i) it does not take the personal circumstances of the taxpayer into account; (ii) it is collected by a third person on behalf of the government, and (iii) in most cases it is invisible to the taxpayer at the stage of payment. If the taxpayer wants to know what his real obligation is in this regard, he will have to either consult a tax expert or make a thorough study of the tax legislation himself. Consumption tax can be either a single-stage or a multi-stage tax. In other words, it may be collected either once at the retail stage or at several stages: at the manufacturing stage, the wholesale stage and the retail stage. When applied at more than one of these levels it becomes a multi-stage tax, as is the case with turnover (cascade) taxes and value-added taxes. For several reasons single-stage retail-level taxes have the strongest support. *First*, the tax paid by the customer will most likely be the amount received by the government. Ordinary multi-stage taxes and pre-retail taxes, however, tend to pyramid; the tax is included in merchant mark-ups, causing the price of the product to increase by more than the tax, and is therefore inflationary. Thus, the customer pays more than the government receives. *Second*, multi-stage taxes strike with each transaction. Integrated firms (those which manufacture, wholesale and retail for instance) have fewer transactions and, hence, lower tax embedded in product cost. Single-stage application, particularly at the retail level, eliminates that effect. *Third*, application at the retail stage will cause no incentive for the production process to move to a stage of trade above the point taxed to reduce the base to which the tax applies. In general, the more of total product

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161 *Op cit.*, p. 300.

value produced *after* the point that the tax is levied, the lower the tax will be. Retail application leaves no point of escape. The retail application does, however, require somewhat greater administrative effort as there are more retailers than there are manufacturers or wholesalers and, hence, more taxpayers to keep track of. The different kinds of consumer taxes generally imposed are: general (retail) sales tax, value-added tax, excise duty, import duty and a surcharge on imports.

In the case of consumer taxation the *objects of taxation* are consumer goods and services bought by the taxpayer to provide for his daily needs. The needs of the taxpayer depend on his wealth and living standards. The taxpayer can, therefore, to a certain extent regulate the amount in tax paid. The wealthier he is and the higher his living standards, the more tax he will pay. In some cases the tax base is the *commercial value* (purchase price) of goods and services bought by the consumer. A consumer tax based on the commercial value (or price) of goods and services is referred to as an *ad valorem* tax. Other consumer taxes are referred to as *specific taxes* because the tax is charged per item and is based on the physical characteristics of items such as weight, relative density, volume or per number.

The *incidence of consumption taxation* is shifted without exception to the final consumer who in the end pays all the tax. In the case of a multi-stage consumption tax, part of the tax is added to the price of the product at every stage of the production and trading process and is collected from each intermediate purchaser through all stages and passed on by adding it to the price of the product at each stage until the full amount of tax is eventually collected from the final consumer. The final consumer without any doubt is the taxpayer, while the obligation to collect the tax on behalf of the government rests with the trader. Therefore the *compliance cost* is for the trader's account and he normally receives no compensation for his services.

In the case of an *ad valorem* consumption tax, the tax rate is usually a fixed proportional one imposed on the total consumption expenditure of the consumer, which equals the *commercial value* of the *consumer goods or services*. In the case of a specific consumption tax the amount of tax payable is established at a fixed monetary unit per number, or per unit of weight or per unit of volume.

Depending on the kind of consumption tax, the *objectives* may be one or more of the following:

- to supply *additional revenue*;
- to *discourage the consumption of certain commodities* which are harmful to the health of the consumer by taxing them heavily;
- to protect domestic production against foreign competition; or
- to *maintain a positive balance of payments* in a country's foreign exchange relations.

Consumption taxation, therefore, has either a *revenue function*, or an *economic regulation function*, or a combination of the two. In terms of its economic regulation objectives, a consumption tax cannot be regarded as neutral, precisely because it both obstructs the free flow of competition between domestic and foreign producers, and distorts economic choices in the production process.

### **User charges and consumer tariffs**

The yield from taxation forms the largest part of total revenue for most governments. The payment of tax is compulsory and it is not taken for granted that a taxpayer by paying tax is buying public services according to his need. Taxes are paid because governments have the power to collect them by force, if necessary, in order to pay the cost of collective public services; therefore taxation does not form part of a direct exchange relationship between a government and a taxpayer. However, some services are supplied by government to the public in a direct exchange relationship. The relationship in this regard is one of free contracting between the government as “supplier” of the services and the user or consumer as the “buyer”. The public buys the specific services according to personal taste, need, preference and wealth. The public usually pays a “price” for such services known as user charges and consumer tariffs. In most of the literature the all-inclusive term “user charges” is commonly used, but this is technically incorrect. There is in fact a fundamental difference in the meaning of the terms “user charges” and “consumer tariffs”; they are used for the payment of two different types of public services in a direct exchange relationship, which will be explained later on, between the public and the government.

User charges and consumer tariffs, however, have certain common characteristics, namely:

- The *absence of compulsion* – their payment is voluntary because the user or consumer has a choice in buying the services;
- They are both *based on the benefit-received principle*, which means that the user charge or consumer tariff which has to be paid is based on the direct benefit of the service to the user or consumer; in other words there is a direct *quid pro quo*, which means that the user or consumer receives an equal value in services to the amount paid;
- The user charge or consumer tariff is *established according to the costs* for delivering the service. Consumer tariffs, therefore, are comparable to prices of goods traded in the private sector, while user charges are levied to recover additional operational (direct) costs incurred on behalf of a specific user of a service.

From these points it should be clear that *consumer tariffs* should be used in the case of *particular services* and that *user charges* should be used in the case of *quasi-collective services* to pay for the extra operational costs incurred. In this way, there can be an efficient and effective allocation of the costs of public services. This also relieves the pressure on tax revenue, because if consumer tariffs and user charges are not imposed, the cost of all particular and quasi-collective services has to be met from taxation.

### **Government expenditure**

The ultimate authority to allocate funds must undoubtedly rest with the legislature. This principle is normally adhered to in most democracies. In most constitutions one may find a stipulation to the effect that funds may only be allocated and apportioned by an act of the legislative authority. Legislation on local government finance sometimes specifically stipulates that the approval of local budgets, the imposition of

tax, the determination of consumer tariffs and user charges and other financial decisions may not be delegated to the executive authority of a local government. The ultimate authority over the imposing of tax and the allocation and apportionment of public funds is reserved for the legislature only at the central, regional and local levels. It must always be borne in mind that the legislative authority on all government levels usually consists of elected political representatives.

The allocation of public funds actually amounts to the distribution of values between different individuals and different groups of individuals. This means that when public funds are allocated, values are taken away from one person or group and allocated to another person or group. Politics is the authoritative allocation of values; therefore, the allocation of public funds can be nothing other than a political matter. When values are allocated by way of the political system, only those mandated to do so should be involved. The elected political representatives, acting as the legislative authority, are the mandatory officials and they are obliged to account for the allocation of public funds to their principals, namely the voters. The question here is how the legislature allocates values in terms of public funds. The instruments for allocating these values are the annual income and expenditure budgets. The government budget has two specific functions: the *first* function is the *apportionment of public money between competing public services*; the *second* function is the allocation or *redistribution of wealth* amongst individuals and/or groups.

The allocation of public funds and the redistribution of wealth create a dilemma for political representatives. No matter how the allocation and redistribution takes place, someone will benefit and someone else will have to pay for it. The supposition here is that public funds are limited and that only a limited amount of money is available for allocation at any given time. Governments cannot finance their expenditure budgets from borrowed money and/or by printing bank notes *ad infinitum* and on an unlimited scale. On the other hand, the demand for more and better quality public services is, in essence, insatiable. This problem of relative scarcity forces the legislature to determine priority criteria by means of which preference is given to some public services rather than to others. This may mean that some public services are made available to some people but that other people have no access to these services. Redistribution of wealth means that income is increased for some people but reduced for others. These government actions cause both positive and negative reactions and force the legislature into the dilemma of financial decision making; a dilemma loaded with subjective values, personal emotional judgements and bias. Whatever the final decision, there will always be those who are dissatisfied because they must foot the bill and those who are satisfied because they are the beneficiaries. These arguments point to the fact that the allocation of public funds is an unenviable task and that it is actually impossible to obtain general satisfaction or consensus.

### **Government budgets**

The budget process plays a key role in providing public services to the public. The budget process in the public sector fulfils the same task as an economic market, because it establishes what public services will be supplied to the public, what

individuals or groups will receive the public services, how these public services will be delivered, and how and at what costs the services are to be financed. It has already been stressed that in a representative democracy the political representatives, as the legislative authority, have to take the final decisions on public revenue and public expenditure. However, the latter democratic doctrine does not deny that the executive authority, and even individual political office-bearers and appointed officials, often have to make significant financial decisions. However, it should be remembered that appointed officials, because of their relative job security, would not always be as sensitive and responsive to demands made by the public as elected political representatives will be. The logic of representative democracy presupposes that appointed official would react positively to the legal and executive orders of the legislative and executive authorities, flowing from the needs and demands of the public. An understanding of the theory of public revenue and public expenditure, and the logic behind it, implies an understanding of the features and functions of a budget within a representative democracy.

If normative budget theory is to be of more than merely academic interest, it should serve as a guideline to public decision making. Public institutions “operate with a haphazard budget process”,<sup>162</sup> but an effective budget system, with incentives to public decision makers to concentrate on the needs and demands of the public, will probably generate “good” decisions on a uniform basis. A “good” budget decision will supply the public with the desired quantity and quality of public services at the lowest cost. A budget should make provision for at least the identified competing demands on resources and should concentrate directly on alternatives; this requires accurate and relevant information for making budget decisions. The revenue and expenditure items approved by the legislative authority, in the form of a budget, should largely comply with the values and demands of the public, if they are to be of practical value. The latter statement amounts to a prescription that all decisions on public activities should comply with the budget, because whatever an authority does, has to be financed from public funds – it is impossible to identify a policy that can be executed without funds. The budget supplies the life-blood to any government and constitutes a financial inventory of what an authority is doing or intends doing. A theory supplying criteria to establish what should be included in a budget is nothing more than a normative theory for establishing what an authority should do in order to comply with the values and needs of society. If the words “what an authority should do” are substituted with the words “what should be included in a budget”, it becomes clear that a normative budget theory is a comprehensive and specific political policy on the broad goals, objectives and targets of a government for a specific period of time.

### **Features of a budget**

A budget, in the ordinary sense of the word, is a financial statement that contains the estimates of revenue and expenditure over a certain period. The word “budget” is derived from the French word *bougette*, which means a small bag or portfolio. The

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162 *Op cit.*, p. 25.

word budget was derived from the Middle English word for pouch or purse” and in Britain the term was used to describe the leather bag in which the Chancellor of the Exchequer carried the statement of the government's needs for resources to the Houses of Parliament for the parliamentary session. This statement contained information on public finances, including the revenue and expenditure items and the purposes for which the expenditure items were to be utilised. Today a budget refers to the document containing the revenue and expenditure proposals of a public authority.

A distinction should be made between a budget and a budget system. Whereas the *budget* refers only to the documents within which financial proposals are contained, the *budget system* refers to the relationship between the stages to be followed in order to compile the budget documents. The budget in its physical appearance is a collection of various official documents. As in the case of any public document, the documents comprising the budget should be carefully compiled, be submitted to the legislative authority for approval and eventually be preserved in the official archives. This collection of documents contains the revenue and expenditure proposals and the decisions of the authority concerned for a specific financial year. It is not so much the physical nature of the budget documents but their contents that is of fundamental importance. As far as the contents of the budget documents are concerned, both the information contained in them and the way in which they are presented are of particular importance.

A budget is a document indicating how a public institution spends resources in order to realise specific public goals. As the objectives of authorities are not always clear and concrete, and because most public activities have either a positive or a negative impact on multiple objectives, the compilation of a budget is a complex and complicated process. The mixture of multiple functions and multiple objectives complicates the decision on the format of a public budget that complies with all the requirements.

The budget process is a political process. This process is characterised by an inherent tension between politics and scientific analysis. Both politics and scientific analysis of budget proposals are necessary, but the interaction often causes tension between the various actors. Almost every public decision, activity and programme may be expressed in financial terms in the budget document. The financial implications of rendering public services, whether directly or indirectly, are unavoidable and should be reflected in the budget document. The extent of the budget amounts and the operating programmes on which they are based is the dividing line between the private and the public sectors. The budget stipulates which goods and services are to be supplied to the public by the government and which are to be supplied by the private sector. The decision on who is to supply what and who is to receive what should be a reflection of the community's values, needs and priorities. Therefore, the budget is a political document through which money is appropriated according to value judgements and the budget process is a political process that takes place within a political arena; therefore, each budget decision is a dual decision. *First*, a decision is made that a specific apportionment will have a specific effect and, *second*, a decision is taken whether the effect of the specific apportionment is

desirable. The first part of this dual decision may be subjected to objective scientific analysis – will the desired effect in fact be achieved? The second part of this dual decision is a value judgement; whether the public will agree with it or not depends on whether the values of the decision maker and those of the public agree. The key to understanding the budget process is therefore to ascertain the basis on which budget decisions are taken: what value considerations are taken into account and what are the results of the decisions taken?

In summary it may therefore be stated that a public budget is an instrument at the disposal of the legislative authority, enabling it to guide the economic, social, political and other activities of a community in a certain direction in order to realise predetermined goals and objectives, the results of which are not always quantifiable. It is the task of the legislative authority, in consultation with the executive authority, to establish by means of the budget the objectives to be pursued, the policy guidelines by which the administrative authority has to realise the objectives, and the means whereby account has to be rendered. In public administration the budget serves as a decision making instrument by which priorities are set, goals and objectives are established, operating programmes are compiled and control is exercised. The budget also contains all of the measures needed to subordinate the executive authority to the legislative authority as the representative of the voters and taxpayers. The features of a public budget ensure the unique foundation on which its preparation, approval and execution are based. Because of the nature of the objectives to be realised by it, the budget will be a comprehensive document and its effectiveness cannot be measured by the number of pages on which it has been written or by the number of items or the size of the amounts it contains. The budget document is the final product in the budget process and it should be suitable for consideration and approval by the legislative authority, while the execution of its contents should realise public objectives. The quality of the budget depends on the accuracy of the supporting data, the quality of the methods used and the expertise as well as the integrity with which it has been compiled. Because of the broad spectrum of services that a government has to render, however, budgets can offer only a synoptic picture of their financial implications. Therefore, a compromise has to be made in the budget document between the requirements for adequate, accurate information and for manageability.

### **Functions of a public budget**

A budget has three important objectives in public administration. *First*, the budget is the basis on which the tax policy for the budget period is devised. *Second*, it is the basis for financial control, exercised to ensure that the financial policy made by the legislative authority is adhered to and, *lastly*, it is a financial programme. The *raison d'être* of a budget as a financial programme is mainly the reconciliation of revenue recommendations with expenditure recommendations in order to realise certain public objectives. It should be possible by means of a budget to determine what choices have been made and on what basis certain actions will be taken. The linkage of costs to objectives is a fundamental requirement for judicious decision making. Likewise, it is necessary for judicious decision making that costs also be linked to

available revenue. A budget should be the product of well considered, rational policy decisions, which are presented in such a way that political representatives, officials and, especially, the public and taxpayers may interpret them in a meaningful way. A budget establishes the objectives to be realised within a specific period in order to realise the goals of an authority.

The proposals contained in a draft budget result from the conflict situation that may develop as a result of unsatisfied needs, on the one hand, and public commitments, on the other hand, within a specific community. The budget proposals give an indication of the problems within a certain public area and the way in which such problems have to be solved. Therefore, the budget is a political or a policy plan, a programme of proposed action, an estimate and a source of information for all concerned. Furthermore, a budget implies control by the legislative authority over the actions of the executive and administrative authorities. It is an instrument for the promotion of community interests and social development as well as for economic growth or retardation. A budget is also a medium of communication and an instrument by means of which instructions are issued to the executive and administrative institutions. The budget is enforceable and is a document of authorisation that makes money available to the administrative authority and gives the latter the authority to spend the money on the delivery of public services. The execution of the budget should satisfy the public's values, wishes and needs for public services as formulated and articulated by the political representatives. One may identify the functions of a budget as being a source of information, an operating programme, a policy statement and a control measure, all aspects to be explained.

### ***The budget as a policy statement***

A budget is a policy statement declaring the goals and specific objectives a government wishes to achieve by means of the expenditure concerned. It is government policy expressed in amounts of money. Whereas political policy and the views of elected representatives on the ways in which the social welfare and economic welfare of the community have to be promoted are sometimes abstract and unclear, a public budget is the actual embodiment of policy and of implied policy objectives. Public action should always be aimed at realizing social, political, technological and economic objectives. A government has the authority to make policies for the advancement of the community.

The instrument by which the policy is realised and brought to fruition is the annual budget. Therefore, the budget should be compiled in such a way that it is possible to perceive the policy by which public objectives should be realised. As a policy document a budget should be compiled as comprehensively as possible in relation to the common values and needs of the public for public services. A budget is the policy document by which the elected representatives, as the legislative authority, indicate the extent to which they wish to execute the mandate given to them by the voters with the limited money at their disposal.

A budget points to the organisational structure of the authority concerned: the various departments and sections created on the basis of the distribution of functions, in order to realise the proposed budget objectives. Specific functions are entrusted to



each department with specific, concrete objectives and targets by which the authority wishes to realise both its order and protection objectives and its economic and social welfare objectives. Priorities need to be established in order to define a policy that will ensure that these goals are reached by realising specific objectives and aims. In policy making the realisation of the most important objectives and aims should receive priority. As a policy-making document the budget generally contains a definition of both the quantity and the quality of the envisaged service delivery. In other words the importance of the predetermination of priorities is expressed in time, costs, quality and public acceptability standards in accordance with the nature and extent of the service delivery. The choice of priorities should be determined by the relationship between the services required and those desired, on the one hand, and the total extent of the available resources, on the other hand. However, there are no normative guidelines by which priorities may be scientifically determined.

The allocation of resources to various public services should be made according to predetermined priorities. Generally, the determination of priorities is the result of party political expedience and could sometimes be irrational. The basis for allocating resources therefore generally depends on compromise. The implications for the realisation of objectives and targets in accordance with certain priorities should be carefully considered from both a cost and a need-satisfying point of view, and in this respect compromises have to be made. Depending on the specific budget system being employed, the nature and the extent of services and their priorities may be continuously adapted or kept consistent. For the duration of the budget term involved priorities may be regarded as given and unalterable. On the other hand, the budget system may be made so pliable that priorities may be altered during the specific budget period, depending on the necessity for this. Another possibility is that the priorities be determined, but the executive authority be allowed a considerable amount of manoeuvrability for adaptations.

### ***Redistribution-of-wealth function***

The fiscal instruments for redistributing wealth are the following:

- an automatic tax transfer system consisting of a combination of progressive taxation of higher-income groups and subsidisation of lower-income groups;
- a progressive income tax utilised for certain particular and quasi-collective services which will benefit only the lower-income groups; and
- a combination of taxes on services that are utilised mainly by higher income groups, with a subsidy on services utilised mainly by lower-income groups.

These instruments represent the *revenue leg of a fiscal policy* aimed at the redistribution of wealth.

The instrument of the *expenditure leg of a fiscal policy* for the redistribution of wealth is the *expenditure budget*. When a tax system is designed for the redistribution of wealth, it should be followed by an expenditure policy as contained in the expenditure budget in order to settle it in a practical way. Therefore, it is understood that total integration should exist between a revenue policy and an expenditure policy

in order to comply with a fiscal policy for the redistribution of wealth. It would serve no purpose to pursue an expenditure policy the aim of which was in conflict with the revenue policy.

Redistribution of wealth by expenditure amounts to cross-subsidisation and cannot comply with the generally accepted democratic requirements of fairness and reasonableness. Such a redistribution policy is based on the doctrine of altruism associated with force and sometimes arouses considerable emotion. Decision making on this is not scientifically based, but is based on political expedience. The compilation and approval of an expenditure budget that is aimed at the redistribution of wealth by means of cross-subsidisation is irrational and politically inspired and often results in extensive differences of opinion and fierce emotional debate at the assemblies of the legislative authority. Redistribution of wealth by means of the budget does not ensure that the advantages of subsidisation will always benefit the target group. Redistribution of wealth in the aforementioned way is not beneficial to economic growth, which is the growth of wealth. It might even have a very impoverishing effect. Should redistribution of wealth take place on a large scale, it could inhibit entrepreneurship and promote a greater tendency towards unproductiveness and work-shyness among the less privileged who are subsidised.

The expenditure policy by which a more substantial and acceptable redistribution of wealth might take place could take the following form:

- *First, a proportional tax* should be used in order to finance only *collective services*. A separate *tax fund account* should be set up into which all taxes should be paid and from which all expenditure on collective services should be paid. A separate revenue-and-expenditure budget should be compiled for collective services only, distinct from the budgets for quasi-collective services and particular services. In this way there would be an automatic redistribution of wealth between the affluent and the less affluent people within the community. This is so because, per capita, the affluent would contribute proportionately more to the costs of collective services than the less affluent, while the *ability-to-pay principle* would still be applicable but in a more equitable way than in the case of a progressive contribution.
- *Second, a separate operating account* should be held for each *quasi-collective service* into which transfers from the tax fund account as well as the user charges of the applicable quasi-collective services should be paid and from which payment should be made in full for the service. A separate revenue-and-expenditure budget should be compiled for each quasi-collective service. This system should ensure that the collective element of the quasi-collective service is financed by tax. The *ability-to-pay principle* would indeed be applicable, but the *benefit-received principle*, in respect of its particular element would also be applicable, because the user of the service would pay at least the direct costs for rendering the service in terms of the benefit received by him. In as much as the capital costs of the quasi-collective service are financed from the tax fund account by a proportional tax, an automatic and equitable redistribution of wealth takes place.

- *Third*, a separate operating budget of revenue and expenditure should be held for each *particular service*. It should be a prerequisite that the operating accounts of particular services should be self-sufficient; in other words, the revenue from the service should be sufficient to cover all the costs of rendering the service. This also means that the operating account of revenue and expenditure should balance. In such a case the *benefit-received principle* would apply and no automatic redistribution of wealth would take place.

As indicated above, intentional redistribution of wealth as against automatic redistribution is a political issue and requires political decisions as well as a sustainable political policy, with an accounting and a budgetary system by which the nature and extent of wealth distribution is detailed. It should be clear who is being subsidised, who is paying for it and what amount is being paid so that taxpayers and voters are able to take rational decisions in exercising their choices. When all income is paid into a central account and all expenditure is financed from it according to an integrated budget, the nature and extent of the redistribution of wealth are veiled and the application of rational decisions in this regard is made difficult, if not impossible. When certain quasi-collective services, such as education and health services, need to be subsidised for the less affluent for altruistic reasons, both a political decision and a political policy are called for. In such a case they should appear as expenditure items in the tax fund account and budget and should be paid directly to the needy, so that they may be able to buy the relevant quasi-collective and particular services. When such subsidies are transferred to the providers of the quasi-collective and particular services for the purpose of the redistribution of wealth, as in the case of free hospital and education services, there is the risk that the full subsidy will reach not only the needy but that the affluent will also benefit from it. Subsidising public institutions with a view to redistributing wealth may also lead to all kinds of irregularities and large-scale unproductiveness. When subsidies are paid directly to the needy, they should be required to prove their need before being assisted. The latter option, though not free of all irregularities, is probably less exposed to corruption and administrative procedures can be developed to keep irregularities to a minimum.

The above-mentioned system does have its disadvantages. The system would be ideal for developed communities with a small percentage of destitute persons. In other words it is especially suited for cases where there is no great need for a redistribution of wealth. In countries with a particularly uneven distribution of wealth the disadvantage is that a small number of affluent taxpayers receive no free public services, such as hospital and education services, but have to pay for them in full. They also have to pay the costs of services rendered to the needy. It is indeed true that nowhere on earth will you find the proverbial free meal. Someone has to pay for it and that person is always the taxpayer – the only real source of public revenue! Wealth has to exist before it can be distributed and greater wealth can only be attained by economic growth. Without economic growth, a policy of the intentional redistribution of wealth will be short-lived because, in the case of economic stagnation, this only leads to greater impoverishment until the point is reached where there is no wealth to

redistribute. Without economic growth, the only result of a large-scale redistribution of wealth is economic decline up to the point where the proverbial economic cake has been consumed and the wealth of the baker has regressed to such an extent that he can no longer bake a cake for redistribution.

### ***Economic regulation function***

The fact that intentional redistribution of wealth cannot prevail without the existence of wealth and without an increase in wealth through economic development brings us to one of the most important functions of a budget, namely its economic regulation function. Public financing by means of the public budget is an important *stabilising instrument* that may be utilised to combat fluctuations within the economy. In other words, if private expenditure tends to rise too high and causes inflation, public expenditure should be cut back and at the same time the money in circulation in the private sector should be restricted by higher taxes or by public borrowing. However, if private expenditure is too low and economic conditions are bad and unemployment increases, public expenditure by means of money creation should be increased, while private expenditure should be stimulated by means of lower taxes. This is an oversimplification of a complicated matter. Therefore, it is necessary to explain briefly the nature of fiscal policy for economic regulation.

Fiscal policy is comprised not only of the use of tax authority but also of public expenditure authority, and this makes the budget all the more important as an economic regulatory instrument. Fiscal policy regulates the volume of expenditure within the economy. When a government collects more taxes than it spends, it decreases the total demand within the economy, but when it spends more than it collects, it increases the money supply and, at the same time, the total demand within the economy. In this way, with all economic factors being neutral, governments could suppress or stimulate the economy merely by adjusting their tax rates or their rates of expenditure.

There are *two kinds of fiscal stabilisers*, namely the automatic or built-in, and the discretionary fiscal stabilisers. As far as the *automatic fiscal stabilizers* are concerned, tax on income is the most important because, without adjusting the tax rate, it supplies more revenue when national income (being the tax base) increases and supplies less revenue when national income decreases. On the expenditure side the expenditure on social welfare services (welfare allowances and social pensions), unemployment insurance payments, payments in times of need of subsidies and other temporary grants-in-aid to the agricultural sector by the government has a stabilising effect. Such payments decrease in times of prosperity and increase in times of depression without any deliberate change in policy. Because automatic stabilisers work without any deliberate adjustments in policy, their automatic stabilising effect becomes operational as soon as national income and employment change. *Discretionary fiscal stabilisers* come into effect when a government *deliberately* adjusts its tax and its expenditure policies to suppress or to stimulate the economy. During a period of decline or even stagnation of economic activities and therefore of economic growth, a government could stimulate economic development by:

- *First*, spending more money on existing programmes;

- *Second*, spending money on additional new programmes and;
- *Third*, a deliberate reduction in tax rates, or even by abolishing certain types of taxes that have a negative impact on investment and economic development.

The deliberate fiscal stabilising process is complicated and has many deficiencies. It is not only a question of either injecting into or withdrawing money from the economy.

The fiscal policy makers have three choices:

- *First*, the government may keep expenditure stable and revise taxes;
- *Second*, taxes could be left unchanged, while expenditure is revised;
- *Third*, both taxes and expenditure could be adjusted simultaneously.

The classic theory is that a reduction in taxes increases private expenditure and that an increase in taxes decreases private expenditure, thereby stimulating or suppressing supply and demand in the economy. The revision of tax rates does not have as great a direct effect on investment as is the case with consumer spending. In spite of tax reductions, entrepreneurs invest only if, in their opinion, generally favourable conditions exist for economic growth to yield dividends on their investments. Low tax rates, for instance, are additional requirements for favourable conditions of investment. In other words lower taxes tend only to stimulate investment and this is not as predictable as their influence on consumer spending.

When unfavourable conditions exist for investment and investments are not being made, tax reductions may be inflationary. It is, however, true that tax reductions do leave more money in the pockets of consumers, with the result that such reductions may stimulate the demand for consumer goods and services, while the larger demand should stimulate their supply and, therefore, economic growth. However, deliberate tax adjustments as economic stabilisers do have *considerable limitations*:

- *First*, it is difficult to ascertain exactly when a recession has started;
- *Second*, a government could deliberately delay tax policy adjustments for fear that this might be an indirect acknowledgement of recessionary conditions and that general confidence in the economy might fade, with worse results;
- *Third*, the tax revision process in a democratic system of government is a slow process, as it could be used only once a year by the legislative authority during consideration of the budget. By the time that adjustments can be made, circumstances may have changed. This time lag in policy adjustments could also result in the adoption of the opposite policy to the tax policy needed at the time.

Should a government decide to use a revision of its expenditure rather than tax adjustments for economic regulation, it should decide how and on what it wishes to spend the funds at its disposal. A government may adapt its expenditure policy in order to stimulate the economy in two ways:

- *First*, short-term, temporary assistance; and
- *Second*, large-scale investment in infrastructure.

Job-creation projects, flood disaster indemnity and drought relief to agriculture as well as temporary production subsidies and production assistance to producers in the private sector fall under the first category. The second category includes the construction of roads, airports, dams, irrigation schemes, hydroelectric schemes, schools, hospitals and other public projects.

These two approaches have advantages and disadvantages; job-creation projects are short-term emergency programmes to relieve the suffering of the unemployed and will not stimulate economic growth. Although they represent emergency relief, they have proved in practice not to be a successful approach in restoring general confidence in the economy, because most people prefer public moneys to be spent on beneficial facilities and services.

It is necessary that total expenditure, and not only public expenditure, be encouraged in times of recession. It is a better long-term policy to leave money in the pockets of those who are able to revitalise total expenditure, thereby stimulating normal production and generating new job opportunities. Some fiscal policy advisers believe that, in the case of a serious economic recession, the government should undertake large-scale expenditure on infrastructure. The problems in this regard are:

- *First*, that long-term capital projects awarded on contract cannot be cancelled summarily should prosperity return before the date of completion. Further expenditure on completing such projects could therefore have the opposite effect in the long term to that originally envisaged. If there is no real long-term demand for such infrastructure, it could be worthless after completion and could amount to a waste of taxpayers' money.
- *Second*, another danger is that, should the money supply in a country remain stable, public expenditure could discourage private expenditure, while the stimulating effect of public expenditure cannot be more powerful than investment by the private sector.

Public expenditure has an indirect effect on the economy, while private expenditure and investment have a direct effect on the economy. Public expenditure for economic recovery and development should increase the extent of total expenditure and not merely shift existing expenditure from the private sector to the public sector. Should private expenditure merely be replaced by public expenditure, economic stimulation would not take place to the same extent.

Fiscal policy aimed at stabilising the economy sometimes requires budget deficits and, under different circumstances, budget surpluses. The classic theory in this regard is that, in times of recession, the authorities should budget for larger expenditures than revenues and finance the shortfall on the budget from borrowing. In this way the money supply is increased, thereby increasing the demand for goods and services, which in turn stimulates production and causes economic growth. In the case of a boom phase, together with inflationary conditions, the authorities (according to the classic theory) should budget for a surplus; in other words expenditure should be curtailed and/or taxes increased and the surplus revenue should be saved for expenditure in times of recession. In this way the money supply is curtailed and demand

decreased because of decreased total expenditure, with the result that the inflationary conditions disappear.

However, this matter is complicated and it has been proved in practice that this type of stabilising policy is not successful in the short term. Some proponents of this type of policy hold that a long-term approach should be adopted in order that shortages and surpluses may balance out over the full economic cycle in the long term. Even this long-term approach may not be successful in practice. The need and requirements for new public services may become apparent during any phase of a boom period. Furthermore, there is no guarantee that the variations which this particular fiscal policy aims to rectify will not be found in regular cycles of inflation and deflation, with the result that the recurring policy cycles cannot be co-ordinated and integrated by the boom fluctuations. Recurring budget deficits may sometimes be the result of political expedience, sustained expenditure on defence, a chronic inclination to economic stagnation, or an increasing demand for public services and welfare support programmes as a result of uncontrolled population growth. The disadvantage of budget deficits being financed from borrowing is that this causes organisational expansionism, with an increase in recurrent fixed expenditure which cannot be reversed in the short term by a mere policy decision. The only expenditure that can effectively be utilised by the government for stabilisation is capital expenditure from revenue.

On closer examination it seems therefore that the budget itself is an unsuccessful instrument for economic regulation. Fiscal policy should be aimed at the goal set by government to influence the protracted elements of the economic system in order to promote the welfare of society. In order to reach this goal *a fiscal policy should be complemented by a monetary policy*. *Monetary measures*, similar to fiscal policy, are aimed at the short-term stimulation or repression of certain tendencies within the economy. Monetary measures deal with the increase or decrease of the most important economic factor, namely the total money supply of the country. *Monetary control* includes control of interest rates, monetary transactions on the capital market, cash reserves and liquid assets of the banking sector and restricting the extension of credit. The combination of fiscal and monetary measures is a politico-economic matter. Questions that may arise are: who will receive the benefits of the policy; who will pay for it; should economic stimulation take place through a reduction in taxes or increased investment, or should it be brought about by increased public expenditure? These questions are usually decided in terms of political preferences. Note that changes in monetary and fiscal policy have different effects on the economy. A government should therefore choose *a monetary and fiscal policy combination* that will bring about the desired results.

### **The budget as an operating programme**

The budget serves as a *macro operating programme* on which the administrative authority may base operational plans for each function which has to be carried out to deliver certain services to the public in order to ensure that the broad goals and concrete objectives of the government may be realised efficiently and effectively. To

know how the budget could serve as an operating programme requires knowledge of operational programming. The development of an operating programme within the goals and declared policies of a government is necessary in order to realise the objectives and targets of such a government efficiently and effectively. It may be said, in fact, that objectives are no more than pious hopes and policies are mere abstractions until a programme is developed which states the course of action to be undertaken for the realisation of the intended objectives. Therefore, it is the operating programme which supplies a basis for the declared policies and objectives and which serves as a concrete foundation for the execution of the functional activities. *An operating programme* may be viewed as an *intentional direction-finding instrument* and this implies that an operating programme should be action and future orientated. It determines the nature and extent of the core functions and core activities that have to be undertaken and carried out by the administrative authority within a certain time limit in order to realise predetermined goals and objectives. The development of an operating programme consists of three main steps:

- *First*, it entails the identification of an *objectives structure* within the framework of the broad goals and policies of the authority concerned. The objectives structure should consist of a main objective, various sub-objectives and targets;
- *Second*, it entails the compilation of an *operating programme* that should be executed in order to realise the objectives of the government. In this regard it is necessary to subdivide the programme into projects, and each project into activities, each of which could be executed separately;
- *Third*, the development of an operating programme entails the *scheduling of projects and activities* in terms of the work to be performed and the necessary resources. Only after an operating programme has been compiled and work has been scheduled as activities within particular projects, will it be possible to regard it as a meaningful programme that could serve as a basis for the efficient and effective realisation of public objectives.<sup>163</sup>

If a budget is an operating programme, then the budget document should contain all the characteristics and elements of a programme. The *objectives structure* and the *programme structure* should therefore supply the framework for the *main components of a budget*. As a policy statement the policy documents should contain, in some form or other (even if only in the budget speech), the broad goals and the policies in terms of which these broad goals should be realised. The budget document itself should expound the main objectives of the government within the framework of the broad goals and policies. Within the framework of each main objective, the sub-objectives should be expounded, and within the framework of each sub-objective, the targets of the sub-objective concerned. Therefore, the targets are the physical or concrete results to be reached within the particular budget term, and the sum total of the results of all targets should realise the particular sub-objectives. The sum total of realisation of all the sub-objectives should result in the realisation of the main objectives that

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163 Basi, Raghbir, *op cit.*, p. 66.



eventually amount to the realisation of the broad goals of the government within the guidelines of the policy. The *objectives structure* is therefore the *first component* of a budget as an operating programme.

The *second component* of the budget as an operating programme is an *activities schedule*. It should be noted at this point that each type of public service delivered is unique and requires a unique activity. The activities of law and order services, of economic welfare services, of social welfare services and of supporting services differ and are unique to the service concerned. To ensure that each service realises its objectives, its activities should be identified within the scope of its targets. The scheduling of activities entails the grouping of activities in a certain order and is linked to a certain time schedule. The time schedule for the budget is usually twelve months. An activities schedule is necessary to determine the necessary resources. All those activities that together comprise a task or a project of the programme should therefore be identified in detail and arranged in a particular order so that the activities may be executed in an integrated way and the resources that are needed be determined. Often activities are referred to as functions; in official budget documents, therefore, the functions for the realisation of the objectives are frequently set out after the description of the objectives. The activities are thus also the substance of the functions and the functions are the activities to be performed.

The *third component* of a budget as an operating programme is a *resources schedule*. Resource scheduling has to do with estimating the quantitative values (amounts, numbers, masses, areas) of the resources and with the compilation of a budget of resources needed for executing the programme. The preparation of a resources schedule is necessary to make a budget programme realistic. No budget can be executed without resources. Resources schedules should be compiled for each task, each project and, therefore, for the budget programme as a whole. This means the compilation of *personnel schedules*, *inventory schedules*, *machine and equipment schedules* and *accommodation schedules* for each task, project and the budget programme as a whole. A personnel schedule should detail the number of persons with a variety of abilities, skills and knowledge who are necessary for the unique activities of the budget programme, as well as the period of time for which they will be needed. This is also true of the other resources schedules. The standard resources schedules usually found in public budgets are: personnel, administrative services, inventory and livestock, equipment, land and buildings, and professional and special services.

The *fourth component* of a budget as an operating programme is the *financial schedule*. The financial schedule represents the monetary values of all the resources and their sum total is merely their quantitative values multiplied by their current market prices. The financial schedule represents what is known in practice as standard expenditure items. These standard items are the following: personnel expenditure, administrative expenditure, expenditure on stores and livestock, expenditure on equipment, expenditure on land and buildings, expenditure on professional and special services, transfer payments and miscellaneous expenditure. At the local government level the standard expenditure items are usually the following: salaries, wages and allowances, miscellaneous or sundry expenditure, expenditure on materials (stores)

and repair work, and maintenance of all kinds of assets, loan costs and capital expenditure from revenue.

If a budget is to serve as an operating programme, it should contain at least the above-mentioned four components. It is self-evident that the budget document submitted to the legislature for consideration cannot contain all the details of each departmental operational programme. The theory is that the main budget documents contain the broad aspects of the public programmes and that they serve as an overall operating programme that will be based on the smaller departmental operating programmes.

### ***The budget as a source of information***

During consideration of a budget by the legislature and when it is being approved, some of the most crucial decisions affecting the welfare of each individual in society are made. Budget decisions affect the security, prosperity and welfare of everyone within the community concerned. Budget decisions may promote or endanger the security of an individual, they may make him more or less wealthy, and they may promote or impede his welfare. During consideration of the budget, the legislature should reflect anew on its broad goals and general policies. Choices have to be made between alternative objectives and between alternative targets. Priorities have to be set. Existing services should be examined anew and new services considered. The availability of resources and their costs have to be considered. The means of overall financing have to be established. The effect of the budget on the economy has to be considered; and the means of the redistribution of wealth, within the guidelines of acceptable norms of equity, have to be considered. In short, the budget is probably one of the most important decision making instruments within the public sector. In order to serve as a decision making instrument for the legislative authority, by which rational decision making may be promoted and value judgements based on emotional feelings may be curtailed, it goes without saying that the budget will contain particulars of all aspects on which decisions have to be made. As the main programme of all public activities, it should contain all the programme elements described above. The political representative charged with finance should define clearly the goals of that particular budget and the government policy regarding it. The budget document itself should contain clear and intelligible information on the objectives, targets, activities, resources and the finances in order that members of the legislature may be in a position to debate them meaningfully and eventually to make decisions on them that will be acceptable to the community. In fact, it is during the budget debate that the goals, policies and activities of a government are scrutinised. The doctrines of a representative democracy require that the elected political representatives shall, during the budget debate, thoroughly examine and analyse the government goals, policies, objectives and activities before approving the budget by means of which those goals, policies and objectives are to be realised. No political representative can be expected to decide on the approval of a budget if he has not been supplied with the necessary information on it.

The information that has to be included in a draft budget is necessary so that rational decisions can be taken by the legislature, but as soon as the budget has been

approved, it becomes a source of information to the administrative authority regarding its functions and for the delivery of services to the public. The approved budget, if correctly compiled, authorises the collection of revenue and its expenditure on various activities and services. It also supplies information to the administrative authority on government goals, policies and objectives, that is, all the information on what has to be done, who has to perform the functions and deliver the services, how they are to be done, when they have to be done, and how they are to be financed. Therefore the approved budget, as a macro operating programme, should supply all the details and guidelines by which each department can compile its operational programmes in order to realise, within the particular budget year, the objectives and aims which have been set by the budget for all the departments.

### ***The budget as an integrating and a co-ordinating instrument***

The execution of large-scale public activities of a divergent nature and variety requires that the activities be entrusted to a large number of departments and sections that cannot operate in isolation from one another, nor move in different directions. Should departments operate in isolation from one another, the activity of each department would become an isolated end in itself, in competition with the activities of other departments and would no longer be a means of realising the overall goals and policies of the government. The question then is: how, in the complicated government organisation, with its divergent departmental interest groups, can this necessary unitary concept be maintained? That is, how can unity be maintained within the administrative authority notwithstanding the proliferation associated with departmentalisation? How is it possible to avoid the situation, where various departments each regards the criteria and standards of its fields of specialisation as the main objectives, instead of complying with the overall goals of the government. The solution to this problem should be sought in co-ordination and integration. Co-ordination is necessary everywhere where public activities for service delivery are present. Co-ordination should run like a golden thread throughout all of the activities of all departments and sections; the legislative authority, the executive authority and the administrative authority should attempt jointly to integrate all of the activities. Therefore, co-ordination may be regarded as a function of harmonising all public activities, in the sense of synchronising the activities of each department, section and official. Co-ordination is therefore an attempt to bring the activities of the various departments into line with one another so that everything may run smoothly in this attempt towards the realisation of objectives. Co-ordination is also aimed at the balanced division of labour in order to integrate the rendering of service.

In summary, it may be said that co-ordination in the public sector is associated with the co-operation of all departments and the integration of their activities so that they are able to act as a harmonious team in attempting to realise the goals and overall objectives of the legislative authority. Put another way: it is a process to ensure that the objectives and policies determined by the legislature will be uniformly interpreted, uniformly applied by all departments, and that those making the decisions and executing the departmental activities will bear in mind the influence of their decisions

and actions on the activities of all the departments concerned. In other words, this means creating a true whole that is larger than the sum of its parts, i.e. become a productive entity that turns out more than the sum of the resources put into it.

A primary requirement for co-ordination is the accumulation and exchange of information so that everyone may remain abreast of all the activities of an authority so that overlapping, voids and clashes, in particular, may be identified. If compiled correctly, the budget is the one document that assembles all the objectives and activities for a particular term within a single document. As explained above, the budget is in reality the overall operating programme of a government and, in its compilation and approval, a beginning can already be made in determining a sound basis for the co-ordination and integration of all public activities. While the budget is being considered, all public activities are raised for consideration, and it is at this point when overlapping, voids and clashes may be identified. It is in the consideration of the budget that contradictions in public policy can be identified and eliminated. It is also during consideration of the budget that priorities may be determined and it can be established that the activities of the various departments complement one another and support one another in realising public goals.

### ***The budget as a control instrument***

The budget is an excellent control instrument to be used by the legislative authority over the executive authority and by the executive authority over the administrative authority and even for internal control within a government department. Two types of administrative control are important in this regard, namely, *a priori* control and *ex post facto* control. *A priori* control is prescribed control. This refers to control measures that are based on prescriptions and which are framed *before* any act takes place. They prescribe how the act should take place. *Ex post facto* control is exercised *after* the act has taken place; typical examples of this are financial and effectiveness audits. *Ex post facto* control consists of the control of results as against predetermined objectives and targets, the evaluation of the results for efficiency and effectiveness, and accountability for results to a higher authority. *Ex post facto* control is the process of checking to determine whether plans are being adhered to, whether proper progress is being made towards the objectives and goals, and acting if necessary to correct any deviation.

The control process may therefore be regarded as a function to determine whether the execution of activities, projects and programmes has been done in accordance with certain programme schedules and in terms of prescribed standards and specifications. Control should obviously focus on the operational efficiency and effectiveness of public activities, that is, on the full realisation of objectives with the minimum expenditure of money. It helps to integrate the objectives and targets of operational programmes in the policy execution phase. Control is therefore singularly helpful for co-ordination and, at the same time, helps to prevent the wastage of resources. Deficiencies within the executive phase of the budget are exposed during the control process.

Control includes the development of a feedback system to measure the results of departmental activities. The real results should be compared with the programme schedules and the programme schedules or activities should be reviewed if

shortcomings and deviations are identified. Corrective measures should be taken in the case of deviations so that the executive actions can be brought into line with the programme schedules.

- *First*, those control units that are meaningful to control should be identified. The control units are obviously resources such as personnel, stores, machinery, equipment, and money;
- *Second*, the critical aspects of the control units should be identified, namely time, costs, quality, and public acceptability;
- *Third*, cost standards, time standards, quality standards, and public acceptability standards should be determined and prescribed;
- *Fourth*, a feedback system should be developed which can measure the results of critical aspects in terms of their control units;
- *Fifth*, a system should be developed for evaluating discrepancies between the results and the determined objectives and targets of the programme schedules exposed by feedback;
- *Lastly*, measures should be created for correcting deviations.

If the public budget conforms to all the characteristics and requirements as stated, it should serve as a useful control instrument for both *a priori* and *ex post facto* control. It is in the budget itself where public objectives, targets, activity schedules, resource schedules and financial schedules are condensed, all of which may serve as guidelines to the administrative authority in compiling its operational programmes and according to which it is able to perform its activities. Sometimes it is impossible to include details of the control units, critical aspects and standards into the main public budget, especially at the central government level. However, the budget does set the maximum extent for activities, resources and financing that may serve as standards for departmental budgets and for compiling departmental operational programmes in which the details of the resource schedules, control units and critical aspects are spelled out.

The *a priori* control function of the budget boils down to the fact that the budget, with all contained in it, is approved by the legislature and that it may not be deviated from without the approval of the legislature. The budget is an ideal instrument for *ex post facto* control – if it is properly compiled. The results of public activities may be compared with the objectives, targets and standards set by the budget in order to ascertain whether it has satisfied expectations. Utilisation of the budget for financial control is a comparatively simple task: a comparison is made between the real amounts of money spent and the budgeted amounts. Then appropriate corrective measures may be taken to bring the amounts budgeted into line with spending, or *vice versa*. Exclusive budget control over the monetary values of activities should be guarded against. Financial budget control should be effective in terms of quantitative progress of activities as well as the qualitative nature of their results; otherwise, it has no meaning as far as effectiveness and efficiency are concerned. If budget control includes all control aspects, it should be a highly effective control instrument.

## PERSONNEL MANAGEMENT

The programme and organisational structure form the basis for determining the personnel structure of the government organisation. It has already been maintained that the last step in the organising process, before it can be put into motion, is the creation of jobs through the process of *work and method studies* to determine the number of jobs for each hierarchical level. Through *job analysis* consisting of *job descriptions* and *job specifications* the nature of the jobs' functions and activities must be determined. *Job evaluation or rating* determines the value of the job for purposes of remuneration and its positional level in the complete organisational hierarchy. Remember that the organisation must be properly staffed before it can start functioning. Nothing is possible without the right personnel with the right qualifications in the right positions with the rightly delegated decision making and operational authority. This whole system of job analysis can be depicted graphically as in Figure 8.

Figure 8 actually illustrates the last few steps explained under organising *supra* and links the organising function to the personnel management function. It is indeed the process of staffing the organisation. In this chapter we will concentrate on the philosophical principles of equal employment opportunity, affirmative action, public service models and personnel systems within the various political environments found in the modern world, leadership and motivation of personnel, and ethics and professionalism.

### Equal employment opportunity and affirmative action

In its simplest terms equal employment opportunity means prohibition of discrimination in employment for reasons of race, sex, skin colour, religion, national origin, or condition of being physically handicapped.<sup>164</sup> It requires that personnel practices guarantee the same opportunities to all individuals regardless of their race, skin colour, religion, sex, national origin, handicaps, or other factors that should not be used to exclude them from participating fully in an employment system. In effect, equal employment opportunity is an employment policy of non-discrimination.<sup>165</sup> Affirmative action is the use of positive result-oriented practices to ensure that women, minorities, handicapped persons and other classes of people will be equitably represented in an organisation.<sup>166</sup> Put in another way, affirmative action is any action that is taken specifically to overcome results of past discriminatory practices.

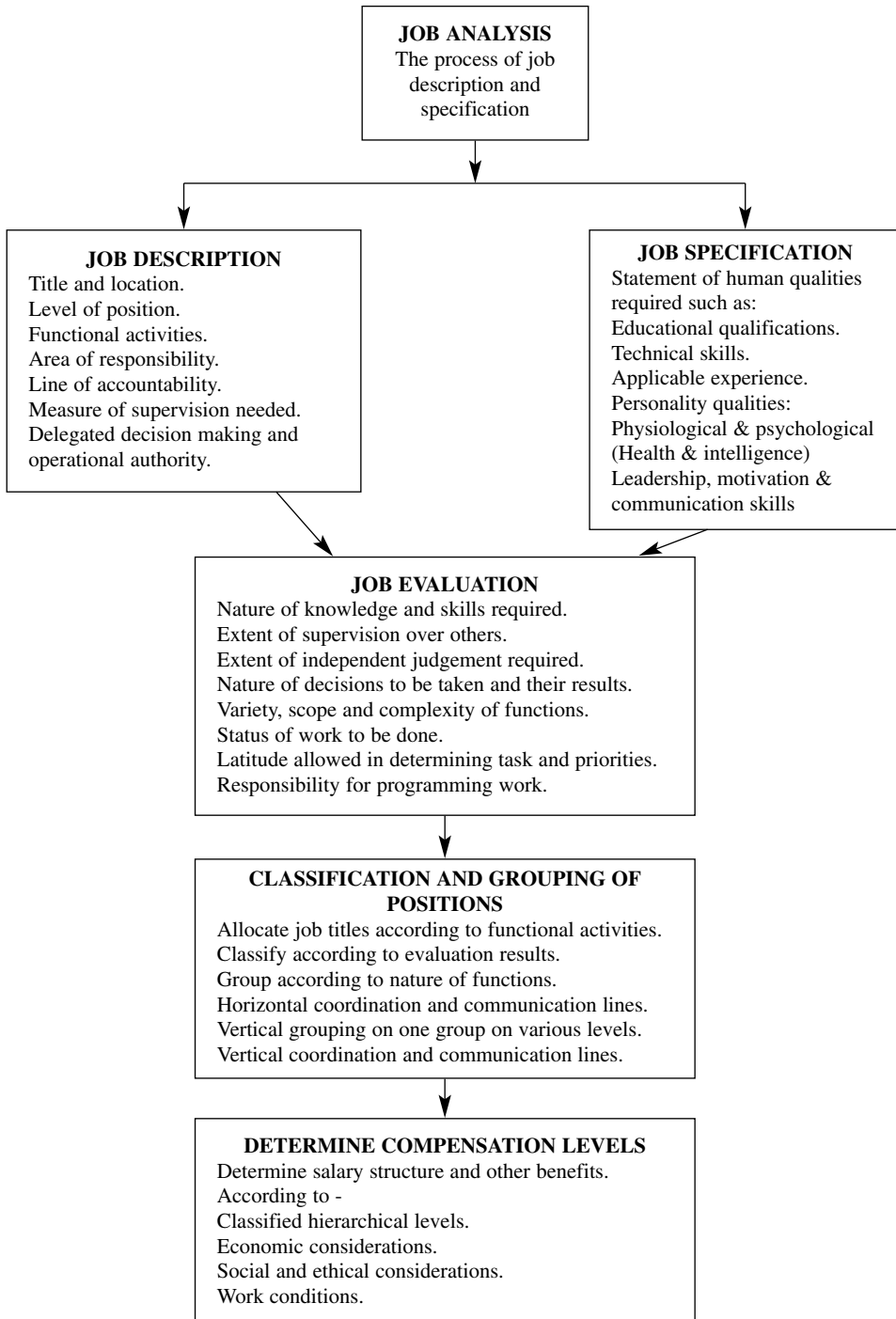
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164 Nigro F. A. and L. G. Nigro, 1986, *The new public personnel administration*, Illinois, Peacock Publishers, p. 12.

165 Hall F. S. and Albrecht M. H., 1979, *The management of affirmative action*, Santa Monica, California, Goodyear Publishing Co., p. 26.

166 *Ibid.*

**FIGURE 8: THE ELEMENTS OF JOB ANALYSIS**



Affirmative action is an extension of equal employment opportunity; it is the means by which an employer implements its equal employment opportunity policy. An affirmative action programme requires:

- positive and continued support by management at all levels;
- demonstrated aggressive action both in word and deed;
- pursuit of constructive activities; and
- overcoming of obstacles that impede the attainment of equality.

One of the most important guidelines for affirmative action was laid down by the Industrial Court's judgement in *George v Liberty Life Association of Africa Ltd.*, 1996. The Court ruled that: "Who the beneficiaries of affirmative action should be is intimately connected with the purpose of affirmative action. It is primarily a means of ensuring that the previously disadvantaged are assisted in overcoming their disadvantages so that society can be normalised. Therefore, an employer who applies affirmative action, i.e. by preferring in the case of a transfer or promotion of a candidate who has personally been historically unfairly discriminated against, does not commit an unfair labour practice as regards a person who has not suffered such deprivation." In other words, in the case where two candidates, one previously disadvantaged and one not, apply for a position and their qualifications and abilities (i.e. their merits) are exactly the same, preference must be given to the previously disadvantaged one. This sounds fair and reasonable and complies with the requirement that "personnel management practices must be based on ability, objectivity, fairness and the need to redress the imbalances of the past..."<sup>167</sup> Therefore, one may deduce that it complies with the principle of justice.

Five major principles for affirmative action can be inferred from the above requirement and the Industrial Court case:

- it must be based on merit;
- it must be objective and fair;
- it must redress the imbalances of the past;
- it must not be a racially based remedial action,
- it must not be unfair in favouring only previously disadvantaged persons;
- no party political nepotism must play any role in appointing and promoting officials.

However, these principles raise the moral question of whether, despite the general bar on racial or other discrimination, an employer may act positively and discriminate in favour of employees or potential employees who have suffered discrimination in the past to the detriment of another employee or potential employee. There is an apparent conflict between two competing equity values here. These equity values are

- the right not to be discriminated against on the grounds of race; and
- the right to be advantaged because of previous disadvantage caused by the institutional system of racial discrimination.

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167 *George v Liberty Life Association of Africa Ltd.*, 1996.



## **Ethics and personnel management**

Ethics represents principles or standards of human conduct, sometimes called morals, and by extension the study of such principles called *moral philosophy*. Ethics and morality, therefore, belong to the study of the philosophy of public administration. These are two philosophical concepts that deal with what is good and what is bad; what is right and what is wrong; and what is acceptable and what is not acceptable. It is not the purpose of this publication to join the contemporary philosophical discourse on ethics and morality, but rather to try and explain it in simple comprehensible terms – if that is ever possible – for the sake of serving as a code of conduct for public administrators. The purpose of this section is briefly to answer a number of questions. What is Ethics? What is its relevance to government? What is its importance for public administrators? Furthermore, it seeks to explain the dilemma of the public administrator in trying to distinguish between good and bad; right and wrong; and between what seems to be acceptable but is indeed bad, wrong and unacceptable.

### **The meaning of ethics<sup>168</sup>**

Ethics is the science of morals in human conduct. It is that branch of philosophy concerned with the study of the conduct and character of people. It is the systematic study of the principles and methods for distinguishing right from wrong and good from bad. The word “ethics” is a translation of the Greek word “*ethikos*”. Socrates once said that *moral philosophy is hard thought about right action*. Morals and ethics are not the same thing. The word “ethics” refers to a set of moral principles. Morals are defined as “customs” or “folkways” that are considered conducive to the welfare of society and so, through general observance, develop into the force of law, often becoming part of the formal legal code – a set of moral principles. Morals are made by man in his quest to control his environment. Morals are codes for the survival of the individual, the family, the group and society. Morals are common sense guidelines for happier living, while ethics can be defined as the study of a moral code and the decisions one makes in one’s relationships to others. Morals should be defined as a code of good conduct laid down from experience to serve as a uniform yardstick for the conduct of individuals and groups. Ethics is a personal thing. Ethics cannot be enforced. Morals can be enforced, as they tend to become the law of society.<sup>169</sup> Ethical conduct includes the adherence to the moral codes (laws) of society in which we live.

Ethics has various interconnections with other branches of Philosophy, such as metaphysics (the theoretical philosophy of being and knowing – the philosophy of the mind, realism (the study of reality) and epistemology (the study of knowledge). This may be seen in such questions as whether there is any real difference between right and wrong and, if there is, whether it can be known. Ethical inquiry over the centuries has revealed uncertainty and conflict of opinions about what ought to be done and what ought not to be done. It sometimes shows the painful consequences of an action that earlier seemed perfectly acceptable. It creates an awareness of differences in

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168 Based on the article on “Ethics” by Marcus G. Singer in Grolier Encyclopaedia, Grolier Electronic Publishing, Inc., undated.

169 Ayash, Barbara, 1999, personal e-mail communication, 14 January 1999.

norms and practices among different societies. Such experiences give rise to several practical questions. What should I do? Is this policy or action fair? It also gives rise to theoretical questions. Are any of these standards and norms (values) right or are they arbitrary? What does it mean to say that something is right or good? What makes right actions right and wrong actions wrong? How can disputes about moral questions be resolved? It is the task of ethics to answer all such questions.

### ***Metaethics***

An important distinction within ethics is that between normative ethics and metaethics. Metaethics attempts to determine the meanings of normative terms, such as right, good, ought, justice and obligation, and to determine their interconnections and whether any of these concepts are basic. It also attempts to analyse the nature of moral judgements and to determine both whether they can be true or false. It is a question of whether what ought to be can be deduced from what is, and what the relation is between facts and values. Can values be deduced from facts? The question at issue is whether it is possible to analyse moral concepts and judgements without at the same time presupposing moral beliefs.

### ***Normative ethics***

Philosophical ethics is often called normative ethics as distinguished from descriptive ethics. *Descriptive ethics* is a department of empirical science that aims to discover and describe what moral beliefs are held in a given culture or society – normally the study field of Sociology. *Normative ethics* aims rather to prescribe. It searches for norms (values), not in the sense of what is average and therefore normal, but in the sense of authoritative standards of what ought to be. Among the questions of normative ethics are the following: What makes right actions right? How can we tell what is right? Why should I be moral?

### ***Religious ethics***

One of the main problems of moral philosophy is the connection between morality and religion. Religious moralists tend to claim that there can be no morality without religion, because without God there can be no reason to be moral. Some philosophers deny this, while some hold that religion rests on morality since religion itself depends on the distinction between good and evil, which is an ethical concept. The problem, of course, is to determine on which religion's values must moral conduct be based. The answer is to find the values common to all religions and use them as a general basis for moral conduct.

### ***Social ethics***

Some philosophers distinguish between personal ethics and social ethics. *Personal ethics* is concerned with how one should behave in relation to oneself, and *social ethics* on how one should behave in relation to others. Some philosophers consider the questions of social ethics to be closely related to those of *political* and *legal philosophy*. A paramount question in this regard is that of the justice of government institutions, especially the law – the theory of justice. This is concerned with the

nature of a just law, on whether one has a moral obligation to obey a so-called unjust law, and whether law itself can be defined independently of morality. Another question here is whether morality can be legislated, which arises in disputes over racial integration or segregation (for example, apartheid) and over legal restrictions on sexual relations (for example, homosexuality) and abortion.

### ***Personal ethics***

Personal ethics refers to the individual's perception of right or wrong, based upon the system of values he believes in. Such a perception is, however, more than merely a personal opinion, because an opinion does not constitute an ethic. If the perception of right and wrong is to be part of a personal ethic, there must be a reference to some outside standard or agent. That means a set of generally accepted values, accepted as authoritative and acknowledged by a number of people, which can serve as a set of principles for personal conduct. A public administrator, in other words, must base his perceptions of right and wrong upon a standard that is generally recognised as such. Decisions based on religious doctrine are good examples. Personal ethics are a reflection of a person's character. Character is made up of those principles and values that give your life direction, meaning and depth. These constitute your inner sense of what is right and what is wrong, based not on laws or rules of conduct but on who you are. They include traits such as integrity, honesty, courage, fairness and generosity – which arise from the hard choices we have to make in life. So wrong is simply doing wrong, and does not lie in being caught.<sup>170</sup>

### ***Professional ethics***

One aspect of this is the attention given by scientists, engineers, lawyers, physicians, journalists, public administrators, politicians and others to the ethical problems involved in the practice of their professions. Some of these occupational groups have formal codes of ethics, which determine the principles of conduct deemed appropriate to the special objects and responsibilities of their professions. This is sometimes referred to as applied ethics.

### ***What ethics is not about***

The meaning of ethics may be understood better if one explains what ethics is not about. Many people tend to equate ethics with their feelings. Being ethical, however, clearly is not a matter of following one's feelings. A person following his feelings may recoil from doing what is right. In fact, feelings frequently deviate from what is ethical. Nor should one identify ethics with religion. Most religions, of course, advocate high moral standards. If ethics were confined to religion, then ethics would apply only to religious people. Ethics applies as much to the behaviour of the atheist as to that of the saint. Religion can and does set high moral standards and can provide intense motivations for ethical behaviour. Ethics, however, cannot be confined to religion, nor is it the same as religion.

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170 Covey, Stephen, "Why Character Counts", in *Reader's Digest*, March 1999, pp. 107-110.

Being ethical does also not mean acting within the confines of the law. The law – especially common (natural) law – often incorporates moral standards to which most people subscribe. However, statute (positive) law, like feelings, can deviate from what is ethical – for instance, the former apartheid laws of South Africa. Being ethical is also not the same as doing whatever society accepts. In any society most people accept standards that are, in fact, moral. However, standards of behaviour in society can deviate from what is moral. A whole society can become entirely corrupt. If being ethical were doing whatever society accepts, then to find out what is ethical, one would have to find out what our society accepts as moral. Every public act and every public decision would then first have to be subjected to an opinion poll before one can act or decide on public matters. The lack of social consensus on many public issues makes it impossible to equate morality with whatever society accepts. Some people accept and even demand the death sentence for murder and others not. Some are for and some are against abortion. If being ethical were doing whatever society accepts, one would have to find an agreement on issues which does not, in fact, exist.

In summary, one may conclude that ethics determines human action according to moral values converted into generally accepted standards of conduct. It is the practical manifestation of morality. Morality is both a basic and a universal facet or dimension of our human existence, especially in the social and political context of government organisations. Morality primarily applies to human relations, to man's coexistence with his fellow men, to the way in which man conducts his association and his dealings with other people in society. It serves to humanise man's existence through humanising his coexistence with his fellow men – that is, through lessening the reciprocal harm and hurt to which we are so naturally inclined in our human relations. Morality strives for a certain level of integrity. Integrity is loyalty to one's convictions and values, and one's public statements, and to translate them into practical reality. It is the development of a sense of what is right and what is wrong. However, it is not only concerned with loyalty to individual convictions and values – micro-ethics – but also loyalty to the collective convictions and values of society in which one operates – macro-ethics.

*Micro-ethics* is concerned with moral values and moral norms as values that apply exclusively to the personal relations within which we interact with others face to face. *Macro-ethics* is primarily concerned with the macro-structures of society that regulate the more objective and impersonal relations between people, in which they are involved on an anonymous basis and simply as role-players. Political structures, systems, procedures and government administration may also be morally good or bad. This is because they embody and are governed by normative ideas and principles which may promote and cultivate a greater humanity in man, but which may also corrupt and degrade man and affect his daily life and relations in a dehumanising way. It is for this reason that developing a macro-ethic has become a matter of extreme urgency.<sup>171</sup>

To put it in more simple language: ethics is two things. *First*, ethics refers to well-based standards of right and wrong prescribing what human rights ought to be. Ethics in the public sector, for example, refers to those standards that impose the

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171 H. W. Rossouw, 1991, 'Opening Address' in Gildenhuys J.S.H. (ed.), *Ethics and the Public Sector*, Juta, Cape Town, pp. 4-6.

reasonable obligations to refrain from criminal and administrative corruption and fraud. *Second*, ethical standards also include those that enjoin virtues of honesty, compassion and loyalty. It also includes standards relating to rights, such as the right to life, the right to freedom from injury and the right to privacy. Such standards are adequate standards of ethics because they are supported by consistent and well-founded reason.

### **The importance of ethics to public administrators**

Moral norms do not have to do only with human beings as individuals, but include the network of public institutions, organisations and structures created by government. These government organisations are also subject to moral criticism as they can in fact function unjustly in society. This is why they may also be judged in terms of moral norms in order to determine whether their conduct is morally acceptable or unacceptable. Ethics and morality have an evaluative and regulative function. The same applies to the laws and regulations made by government. Laws and regulations also regulate human behaviour, both individually and collectively.

Laws and regulations are supposed to guarantee stability through the orderly conduct of public affairs. Yet laws and regulations do not necessarily guarantee political stability and public order, especially when the laws and regulations are not acceptable to the people. Laws and regulations alone cannot guarantee an orderly state of affairs; neither for that matter can weapons. It is primarily guaranteed by the kind of consensus that exists on moral norms and values. Without this, an authentic and sound public life is actually impossible. The tendency of governments to regulate all kinds of things with laws and regulations is doomed to failure if it is not supported by a vital moral consensus on the kinds of norms and values that should apply to the country and be expressed in public life.<sup>172</sup>

Ethics and morality is not only important for public administrators, but they are also of paramount importance for the institutions (parliament, cabinet and government departments) in which politicians and public administrators act. The importance of the moral-ethical may be interpreted in terms of the concept of *legitimacy*. Legitimacy is not the same as legality. It is related rather to the moral acceptability of government institutions, laws and regulations. This acceptability has to do with the following:

- the extent to which members of the public identify themselves with the goals and objectives and values of public policy, in the conviction that it complies with their own individual values and personal goals and objectives;
- the extent to which they identify themselves with government institutions, in the conviction that these serve their interests, aspirations and rights;
- the extent to which they identify themselves with public administrators, in the conviction that they may be trusted to see to the interests of members of the public.

The erosion of legitimacy may lead to resistance and even violence, rebellion and revolution. This is when the state resorts to governing by force rather than by

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172 Esterhuyse Willie, 1991, "The Nature and the Role of Ethics and Morality in Public Life" in Gildenhuys J.S.H. (ed.), *Ethics and the Public Sector*, Juta, Cape Town, p. 10.

authority.<sup>173</sup> When an accepted moral-ethical dimension, as a basis of government conduct, is lacking, erosion of legitimacy may be experienced, which is sometimes referred to as a “lack of public credibility”.

When applying the principles of ethics and morality to the problems of public administration, one must ask what is the condition of the legitimacy or moral acceptability of the government institutions that serve our society and its people. Corruption, maladministration and the waste of money are not always due to the personal moral shortcomings of public administrators. In certain circumstances these things stem from problems experienced because of the erosion of legitimacy. This happens when the public does not agree with the political objectives, moral norms and values of the particular government. This means that the state and public institutions are dependent on an acceptable moral-ethical basis for their continued existence. If this is not present, disintegration follows.<sup>174</sup>

Considering the importance of ethics for public administrators, we must accept that today we live in a complex world where there is always a great deal of uncertainty about basic moral norms and values. Prescriptions controlling the conduct of public administrators are very complex and public administration is making much greater demands than before, which means that moral creativity and innovation are much more important in the public sector. The existence of pressure from interest groups means that it takes a great sense of responsibility and morality to resist such pressure and to take decisions that are in the general interest of the public.

At the micro-level of public administration, ethics relates to the individual public administrator, who usually operates within the middle or lower levels of the government organisation, and who exercises some authority and discretion, but whose influence does not extend far beyond his immediate surroundings. Decisions made by this type of public administrator have an impact on one's personal perception of dignity and worth, and they also have some impact on how effectively a division of the public organisation works. However, it is doubtful that the success or failure of the government organisation is greatly influenced, since government organisations often have built-in redundancies that guarantee overall success even though a single official fails in his mission. Therefore, the level of ethical consideration is relatively limited; it usually includes the values of the decision-maker and a recognisable set of factors surrounding the individual official and the situation. The spill-over or ‘ripple effects’ do not appear to continue outward endlessly. The ethical problems these individual officials usually face are three types: *first*, assignments to carry out tasks that they consider wrong; *second*, instructions from above to overlook wrong action by someone else; and *third*, the collection of information that appears to be useful to the government organisation, but ignored by their superiors. Although these ethical problems may have an impact on the government organisation's policies, the primary conflict created is one of personal integrity versus pressure from superiors to conform.

At the macro-level of public administration ethics, any decisions made by the individual is understood to have an impact on many people. These are usually policy decisions that have an impact on society. The ethical problems faced by policy makers

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173 *Op cit.*, p. 12.

174 *Ibid.*

are of two general types. *First*, their decisions may result in personal gain for themselves, or their friends and relatives. *Second*, their decisions must be made in a social situation where it is impossible to use any of the optimising decision making models. This second type occurs more often and is more difficult to deal with. Macro-ethical decisions are infinitely more complex because of the open-ended type of interactions that must be considered. Spill-over or ripple effects continue on an unlimited scale far into society. This means that it becomes almost, if not completely, impossible to comprehend what will be the results or impact of a choice or a set of choices. Any choice on the macro-level has both negative and positive impacts. Whether the impact is negative or positive depends on the particular segments of society making the evaluations, or on the timing of the evaluations. In such cases the decisions are much more difficult and complicated. In most cases the individual facing the ethical problem does not have the luxury of avoiding a choice – a decision must be made.

One must always remember that public administrators are the “trustees” of the “public good”. This applies to all public administrators, politicians and public servants and is the basis of the kind of moral behaviour one can expect from them. An acceptance of the trusteeship of the “public good” has one important consequence: responsibility and accountability cannot be eluded or side-stepped.

One of the most serious problems in recent times has been the ease with which responsibility for decisions taken and their consequences are being shifted onto others. Scapegoats are sought elsewhere. The acceptance of collective responsibility does not exist. Ministers and some public administrators no longer accept responsibility for poor or inadequate supervision over and the management of subordinates. Resignation by ministers and senior officials, the convention in Britain, does not really occur. Frequently a subordinate is made the scapegoat and fired to save the face of a minister or public administrator.

What needs to be emphasised is that the kind of ethical culture that prevails in the public sector depends on what society permits public administrators to get away with. Ultimately a society deserves the kind of public administrators it gets. A society that does not register public moral protest and which does not value the maintenance of moral-ethical norms and values will be a society that has public administrators without a sense of responsibility and integrity.

### **Professionalism**

Defining a professional and professionalism is not easy. The easiest way is perhaps first, to define a profession, then a professional and lastly professionalism. According to the *Concise Oxford Dictionary of Current English*, the term *profession* refers to a vocation or calling, especially one that involves some branch of advanced learning or science. It may also refer to a body of people engaged in a profession, for instance, the law profession, or the engineering profession, or the public administration profession. A *professional* is a person belonging to or connected with a profession, or a person showing the skill of a competent professional, or a person engaged in a specified activity as one's main paid occupation, or a person worthy of ethical conduct. Professionalism refers to the qualities or typical features of a profession or of professionals, especially its qualities of competence, skills and ethical conduct.

## **Requirements and characteristics of professionalism**

Perhaps it would be helpful in understanding the meaning of professionalism if one explains the requirements and characteristics of professionalism.

### ***Requirements***

To become a professional and to be professional, one must comply with certain requirements. Professionalism requires:

- a corpus of special knowledge developed in a specific occupational field, obtained through study, research and practical experience;
- advanced education, training and the acquisition of specific knowledge and skills as a prerequisite for entering the specific occupation or work;
- ethical rules to monitor and rule the conduct of persons doing research and occupying the specific profession;
- a high level of morality and integrity;
- a sound and acceptable public image;
- active support by professional institutions for the development of a profession or a class of professionals;
- an *esprit de corps* and a feeling of solidarity and pride among researchers, academics and practitioners involved in a specific profession;
- specialisation in the field of occupation;
- a high degree of dexterity, skilfulness and proficiency in the field of occupation;
- occupational differentiation providing for an occupational class;
- entry requirements, possibilities for career advancement, good compensation and sound conditions of service.

### ***Characteristics***

Professionalism has certain characteristic features. The following are some examples of these characteristics:

- formal academic education and/or ‘technical’ training at an acknowledged educational institute such as an academic university, a technical university, or college;
- mastering of an ethos (‘cultural tradition’), i.e. a salient or distinctive attitude and intelligence and proficiency in the subject of the specific professional occupation;
- an intellectual component (brainpower) rather than manual labour (brawn power) at an ‘acceptable’ level according to the requirements of the specific profession;
- the distinctive characteristics of the profession are complied with;
- standards of competence prescribed by professional rules can be maintained;
- availability of advanced education and training for members to improve their qualifications;
- continuous accumulation of knowledge after acquiring basic qualifications is available through short courses, scientific publications and support by professional associations – members of the professional group are therefore always informed on the latest developments in their professional field;



Members become more skilled through the practical application of what has been learned through the process of theoretical study, research and application.

The above-mentioned requirements and characteristics provide some perception of what is meant by professionalism. However, a still better understanding may be obtained when the tenets of professionalism are explained.

### **Tenets of professionalism**

The tenets of professionalism manifest themselves in the roles of the public administrators, their responsibilities and the values forming the basis of public conduct and activities.

### ***Roles of public administrators***

Elected political leaders, expert public administration professionals and citizens share in the formulation and implementation of public policy. Politics and public administration cannot be viewed as completely separate spheres of government activities, even though distinctly defined roles prevail. Except for adherents of public administration orthodoxy, scholars of public administration have given little credence to the idea that politics and public administration represent exclusively separate domains of governance.

Nevertheless, for some observers the politics and administration dichotomy has provided a simple framework for placing the work of professional public administrators into the context of representative democracy. Consequently, it is important to understand the origins of the dichotomy, which stand as a cornerstone of an orthodox view of public administration. The dichotomy is commonly traced back to Woodrow Wilson's work, "The Study of Administration"<sup>175</sup> and to Leonard Goodnow's influential treatise, "Politics and Administration".<sup>176</sup>

When rethinking professionalism in modern public administration and good governance, one may suggest an alternative to Wilson's dichotomy. Some later scholars have proposed a model of shared responsibility and co-operative roles for politicians and public administrators, eschewing the means-ends dichotomy and separating role expectations between elected politicians and appointed public administrators. In this new approach governance is divided into four categories of functions: mission, policy, administration and management. The dichotomy model would have a dominant role for the politicians in the mission statement and policy-making process, with the public administrators devising strategies for and executing policy in fulfilling their administration and management roles. In fact, scholars and practitioners have acknowledged and experienced for years that these lines, blur with public administrators playing significant roles in the mission and policy functions, while party political values influence public administration processes.

While public administrators have always played important roles in the policy-making processes, the nature of contemporary political, economic and social forces at all levels of government appears to have encouraged the research, formulation, negotiation, brokering and consensus-building skills of today's public administrators

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175 Wilson, Thomas Woodrow, "The Study of Administration" reproduced with permission in Gildenhuys JSH, 1988, *South African Public Administration*, Owen Burgess Publishers, Pinetown

176 Goodnow, Leonard, 1900, *Politics and Administration*, Macmillan Co., New York.

more than for some of their early predecessors. It remains a fact, however, that the roles of public administrators are to research, formulate and advise, and to execute policies and strategies decided upon by the political institutions.

Some scholars and practitioners believe that Public Administrators should check on politics, leading the policy process with objective, technical, managerial information and skills activity. However, public administrators should not determine political policy in the final instance. Policy-making must be left to the political institutions – this is exactly what they are there for! Yet without professional involvement policy would lack objectivity and integration, as well as the technical and managerial basis needed for it to be effective. Public administrators are expected to be involved in policy formulation and policy advocacy.

However, it would be unethical for public administrators to usurp the policy-making roles of politicians and for politicians to usurp the administration and management roles of the public administrators. The constitution of a country normally defines clear-cut-roles for the legislature, the executive (cabinet) and the administration, but ministers and their chief executive officers must work out a sound working relationship between themselves. To be professional, appointed public administrators must avoid party-political activity and they must always deal with elected political representatives professionally. The elected political representatives (cabinet ministers) themselves have to have a competent understanding of their roles and the roles of the appointed public administrators and they must not abuse their positions and powers.

### ***Role of politics in public administration***

This brings us to the role of politics in public administration. If the changing context of public administration has led to roles that are more visible for public administrators in the mission and policy functions of government, it also has created opportunities for more political involvement in internal administration and management activities by politicians. Few public administration professionals may welcome political interest in administration and management when it affects established work programmes and administrative procedures. Yet these processes have become systematically responsive to a variety of community political interests even as public administrators resist ad hoc interference by politicians. Whatever some scholars may argue, there still remains a notion of the dichotomy first formulated by Woodrow Wilson. For the purpose of sound relations between public administrators and politicians, and for the sake of the welfare of the public, there is a need for a dichotomy of some kind.

### ***Responsibility of public administrators***

The shared authority-responsibility model of governance is valued among public administrators as a replacement for the politics and administration dichotomy. However, in bringing to public light the policy-making activities of public administration professionals, questions are raised about the adequacy of formal mechanisms for political oversight and accountability. The rationales of public administrators to justify their roles in the shared authority-responsibility model reflect a sensitivity to the importance of political accountability. The danger is that with

clearer managerial involvement in the mission and policy areas, formal political oversight becomes a formality.

The more political influence public administrators have in the policy-making process, the more important it is that their premises of their decisions incorporate community values as a supplement to formal political oversight. The goal is to ground the professional roles not only in formal accountability to the executive authority and the legislature, but also in responsibility to a broader range of values. This brings us to two important concepts, those of realism and idealism.

- *As a realist*, the public administrator's power stems from expertise and experience balanced by the nature of his employment relationship with the government. The realistic public administrator may respond to the wishes of the executive or legislature because it is democratically correct or because he actually believes the elected politicians express the will of the public. However, ultimately the public administrator responds because the government controls his employment contract.
- *As idealists*, public administrators are committed to employment relationships as vehicles of accountability. However, idealistic public administrators are also committed to understanding and responding to an array of community values that may go beyond efficiency and the practical justification for responsiveness. Commitment to a broader range of public values than expressed in the governing body provides another source of professional authority for public administrators.

### **The value base of public administration**

The third tenet of professionalism is based on the notion that the public administrator's authority and responsibility are grounded in community values as well as in formal accountability to the executive and legislature. It acknowledges the need to identify, understand and work with the conflicting values that define every community and its political culture. Public administrators must convert their profession from one heavily resting on the value of efficiency to one incorporating public values that require new management skills. Effectively dealing with multiple public values moves the public administrator from being a member of a profession of engineers to one of diplomats.

### ***Professional administration and efficiency***

Professionalism always has hinged on the ability of public administration professionals to apply expertise and knowledge, including the rational and analytical problem-solving orientation of public administrators. Earlier the role of the public administrator as a broker, negotiator and consensus builder was identified. However, without a role orientation towards rational decision making, the public administrator as a co-ordinator seems hardly distinguishable from the politician. It is the extent to which a public administrator applies his expertise and professionalism to the problems of government that justifies his position. His political skills make him equivalent to other political actors in governance. His technical skills make him different. Many factors in the dynamic political environment force a political role onto the public administrator. Nothing will change this; however, public administrators have to make

a hard choice. Either they must enter the game of politics and eschew their management roles, or they must play the much harder role of exploiting their technical skills to influence politics. This latter role is demanding indeed, but provides the only justification of the public administrator as a professional.

### ***Professional administration and democracy***

As public administrators have become politically visible, legitimacy for their roles has depended upon broadening the authority base of their actions in fundamental values. This is seen as political values influencing the design of management and administrative processes and in altered premises for decisions that have made effectiveness a more congenial term to public administrators than efficiency. The idea that public policy making consists of value trade-offs has focused attention on identifying these competing values. It also focuses attention on the role of the public administrator in incorporating value trade-offs into the public policy-making process.

In addition to the value of efficiency, three tenets of democratic governance anchor the practice of professional public administration. These tenets demand in addition to *efficiency*, the identification of crucial values such as *representation*, *individual human rights* and *social equity*. At least three of these values should underpin the fundamental political institutions. The judicial branch of government protects individual human rights; legislatures are constituted as representative bodies; and government departments are created to bring knowledge and expertise systematically to bear on public problems.

### **Public service systems and models**

A civil service is the name generally given to paid non-military service in non-elective office in the administrative branch of government. The term does not apply properly to the service in the legislature, executive (cabinet) and judicial branches. Elected politicians, ministers of the cabinet and judges are not regarded as civil servants and therefore do not form part of the civil service, but they remain *public servants*. In certain countries, notably Britain, the term civil services is used to denote only positions in the national government; in others, including France and the United States of America, the term is applied to government positions on all levels, from federal to municipal. For the purpose of this study, the term *public service* applies to officials at the national, provincial and municipal level.

There are several public service systems and models, such as the *autocratic system*, *democratic system*, *spoils system*, the *political activist model*, the *scientific bureaucratic model*, and the *professional public manager model*. For the sake of the people to be served, it is imperative that the most suitable model for the purpose should be chosen. Before discussing alternative civil service models, one should first identify the criteria for an acceptable civil or public service.

### **Criteria for an acceptable public service**

What any country needs is a non-partisan, impartial, neutral, efficient, effective and non-corruptive public service, with professional public servants who are prepared to serve under any ruling party and government irrespective of its ideological philosophy

and policies. This type of public service is more so needed in a country with a diversity of racial and cultural groups.

A government needs public servants of all ranks and in all branches of government who are:

- sensitive and responsive to the problems, needs, and diversity of the values held by the variety of individuals and groups;
- striving for social equity, fairness, reasonableness and justice in their dealings with individual members of the public;
- aware of and informed on the constitutional, political, economic, social and religious values of the people; and
- prepared to accept and apply these values as fixed guidelines in their daily activities in serving the public.

This means a public service with public administrators who are well qualified in terms of efficiency and effectiveness, and with other supporting staff who understand the purpose of their tasks, namely, to serve every individual citizen in a dignified manner, as honestly as possible and to the best of their ability, that is in a professional manner. What is also needed is a non-racial representative public service free from discrimination against and bias towards any individual citizen, irrespective of creed, race or political affiliation, and irrespective of status and position in the community.

### **Alternative systems and models**

To decide on a suitable public service model, all possible models should be analysed. Public service models usually adopt the personal attributes, culture and characteristics of the public servants of such models. A whole public service can adopt the characteristics of the political leadership. If the political leadership is of good character, decent, democratic, friendly and not arrogant, then the whole public service may become decent, democratic, friendly and not arrogant. However, if the political leadership is indecent, corrupt, autocratic and arrogant then the civil service may also become indecent, corrupt, autocratic and arrogant. It is a matter of following the example of the leader.

Three main types of public servants may be identified, namely (i) the *political activists*, (ii) the *scientific bureaucrats* and (iii) the *professional public managers*. Apart from these types of public servants, the following types of public service systems and models can be identified, namely:

- the autocratic system;
- the democratic system;
- the spoils system;
- the merit system;
- the career system;
- the open competitive system.

Public management models:

- the political activist model;
- the scientific bureaucratic model; and
- the professional public administrator model.

### ***The autocratic system***

The autocratic system is found in countries where the people are divided into classes and where public service posts – in particular the higher-graded jobs – are reserved for the aristocracy or the elite. This system was in force in Britain until a democratic and later a career system was established.<sup>177</sup> In Germany until recently they distinguished between *beampten*, the higher-class public servants with all kinds of benefits, and *angestellten*, the lower class with far fewer privileges than the *beampten*. Of course the German system is not necessarily autocratic but apparently favours a certain class of persons.

### ***The democratic system***

The democratic system is one where the voters directly elect public officials to office. This system applies, for instance, to executive mayors, local sheriffs and other popularly elected public service posts in the USA.<sup>178</sup> The President of the United States is in fact a public servant elected by popular vote. He is a public servant because he is an *executive president* in charge of the federal administration, with his *secretaries* of federal agencies appointed by him to form his *administration*.

### ***The spoils system***<sup>179</sup>

This is a typical example of *political nepotism*. The spoils system is the practice of making appointments to public office and of giving employment in the public service on the basis of political affiliation or personal relationship rather than on the fitness or merit of the appointees. It constitutes an extensive form of political patronage. Also included in the spoils system are such practices as favouritism in the awarding of contracts for public works or other public purposes and the expenditure of public funds to the advantage of favoured individuals or groups. Political nepotism is a form of political corruption. Under this system elected political representatives in most countries regard appointive posts under their jurisdiction as political prizes to be distributed among influential or faithful party supporters. They regard it as a matter of sharing the booty after winning the ‘war’ for political power.

### ***British example***

As was the case in most countries of the world, Britain was also plagued with political nepotism. The first significant departure from this type of political nepotism occurred in Britain in 1855, when examinations were conducted by government order among selected candidates for certain *minor* positions. The categories of jobs filled in this fashion were gradually extended and in 1870 a policy of *open competitive examinations* for most posts in the British public service was adopted.

### ***American example***

Following the example of Britain before its reforms, the spoils system in the USA originated during the colonial period and flourished in state governments after 1800.

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177 Cloete, J. J. N., 1994, *Public Administration and Management*, Pretoria, JL van Schaik, p. 167.

178 *Ibid.*

179 Based on the articles on “Civil Service” and “Spoils System” in Microsoft ® Encarta ® 97 Encyclopaedia

Before 1829, however, appointments to the federal service were made based on “fitness for office,” as enunciated by President George Washington. George Washington set a precedent of appointing federal employees almost solely on the grounds of ability, that is, on merit. In accordance with this principle, Washington included in his cabinet Thomas Jefferson and Alexander Hamilton, two men with outstanding ability who were the leaders of opposition political parties.

Washington’s successors were not as tolerant of opposition members in major public positions. By the time Andrew Jackson came into power, merit was only secondary in executive department appointments. During Jackson’s administration the policy of political patronage and nepotism in federal employment was intensified, partly because of his belief that rotation of government jobs was an essentially democratic process. What this actually implies is that political nepotism is not corruption, but one of the principles of sound democracy. This is, of course, ridiculous! For many years thereafter virtually all positions in the administrative branch were political plunder, belonging to the political party in power. The abuses inherent in this system, which became known as the *spoils system*, were especially pronounced during the three decades after 1845.

### ***American reforms***

The evils of the system aroused protests and inspired reformers to propose corrective measures. During the latter part of the 19<sup>th</sup> century the scope of political patronage gradually decreased because of four principal factors:

- the institution or growth of the public service on a merit system of making appointments to positions in government service;
- the institution of the council-manager system of municipal government by several hundred local communities;
- the increasing tendency toward the professionalising of the public manager; and
- the emancipation of municipal school systems from political control.

The most important action against the spoils system was the passing of the *Public Service Act* in 1883 (referred to as the Pendleton Act) as a reaction to growing public indignation over the spoils system. This act laid the foundation for a new ‘professional’ public service. Among the major features of the Act are provisions for:

- the selection of public service personnel by open competitive examinations;
- guarantees to public service employees against coercion in any form for political reasons, or soliciting in government buildings or by other federal employees for political purposes; and
- allocation to the states and territories, in proportion to their populations, of appointments from lists of eligible applicants to fill positions in the departmental service in Washington D.C.

The administration of the Act was assigned to an appointed Public Service Commission. Public service positions not filled by transfer and/or promotion are filled from lists of qualified candidates in competitive examinations open to all citizens.

Appointments are made on merit from the appropriate list of those who passed the examination, without regard to race, religion, colour, nation origin, sex or politics.

The Pendleton Act was not the end of reform. Later legislation was adopted for further reform. For instance, the Hatch Act passed in 1939 prohibits active participation by civil servants in political campaigns. Later on, pay raises, formerly based on length of service only, were tied to performance of senior and middle-level employees. Public service reform in the USA was not confined to the federal government. Merit systems covering most or all state services exist in effect in all states. The reform in the USA proved one thing, namely that the spoils system, based on political nepotism, is a corrupt system and that nepotism is nothing but political corruption.

### ***The merit system***

The merit system lays down appropriate minimum qualifications in the form of knowledge, skills and experience for every public service post. It demands that everyone who has the prescribed qualifications may apply for appointment in suitable vacant public service posts. Those best qualified for and best suited to the requirements of the posts are then appointed. Furthermore, the officials are retained in service, remunerated and promoted on merit. The services of an official may be terminated only if he has reached the prescribed retirement age, or if an investigation has shown either that his health is so bad that he cannot do his work properly, or he has proved to be inefficient and corrupt. The merit system is presently favoured by most civilised democratic states.<sup>180</sup> The merit system may apply to the *closed public career system* and the *open competitive system* explained below.

### ***The closed career system***

The career system is one where public servants are recruited at the entry level only, usually after passing an entrance examination and with a minimum of a high school graduate qualification or a university or college qualification with a value higher than a high school grade. As compensation for their higher qualifications, new recruits are appointed on two or more salary notches above the entrance salary. Everyone starts at the same level and receives in-service training on the functional activities of the department, or in the office administration or both. Promotion takes place on the basis of seniority; that is after a specific number of years of experience at one level and successful in-service training courses completed in the department. Peers and immediate supervisors do so-called merit assessments for promotional purposes. They are not neutral independent assessments from outside experts, but subjective inside valuations. They sometimes lead to favouritism and personal nepotism. They can be misused for personal discrimination and revenge purposes for completely external or irrelevant reasons.

Another problem with this system is that public servants are protected from outside competition and this may lead to stagnation, inertia, unproductivity, poor performance and laziness. Public servants are not promoted on performance but on seniority. All they have to do is hang around for vacancies to occur at higher levels

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180 Cloete, J. J. N., *op cit.*, p. 167.



and then demand promotion. They claim promotion because they are second in line to the vacant position on the basis of their seniority and not their ability. Job qualifications are sometimes changed to suit the next one in line for promotion. No one from outside the department may be recruited. Competition is, therefore, completely excluded.

### ***The open competitive system***

The open competitive system is one where expert personnel administrators set specific minimum academic and technical qualifications, skills and experience as prerequisites for each post through a system of proper job analysis. Vacancies at all levels are then advertised in the media, calling for suitable candidates to apply for consideration. The posts are open to any person who complies with the requirements. People inside a department and from other government departments and even from the private sector and other government levels are free to apply. A short list of the most likely candidates is then compiled and they are then invited for a personal interview. From the interview the best candidate is selected for appointment. After agreement on a proper service contract, the most suitable person is appointed.

This system depends heavily on merit because of its open competitiveness; it draws the best candidates available in the national labour market. Competition brings out the best in any person. It encourages public servants to increase their academic and other qualifications, to improve their performance and productivity and to compete successfully for higher positions. Career advancement can be accelerated or retarded. It depends solely on the ambitions of the public servants. Competent persons can advance to the top positions at an early age in their career and need not wait for years and seniority to be promoted. This system lends itself to utilising good leadership, motivation initiative and for advancing proficiency, productivity, and effective and efficient performance. The system encourages new ideas and innovation, preventing stagnation. It is a system that best motivates personnel, creates enthusiasm and develops leadership qualities.

The only argument against this system is that it could create a lack of continuity because of possibly high personnel turnover that may negatively influence the organisations overall performance. In spite of these possible shortcoming, it stands out as the best far above the other systems, because it is open and based on fair and free competition. It is the most equitable and least corrupt system of all.

### **Public management models**

Apart from the public service systems explained above one may identify what can be called public management models. These are the political activist model, the scientific bureaucratic model and the professional public manager model.

#### ***Political activist model***

Closely related to the spoils system is the political activist model. The model is based on the political activities of civil servants. It is similarly an excellent example of political nepotism and therefore also a corrupt system. There are two types of

politically active civil servants, namely the non-militant civil servant and the militant civil servant.

### ***Non-militant political activists***

The non-militant political activists are people actively supporting the ruling political party for the sole purpose of enhancing their prospects for promotion or, in the case of aspirant civil servants, to gain appointment. They join political parties as card-carrying members and work in and outside the service for the party. They do this to gain favours from the party leaders, even if only to come to the leadership's attention, hoping they will be favoured for promotion and pay increases. Some of these non-militants sometimes join secret organisations through which they hope to advance their prospects. It is outside the service and in meetings of political parties and of secret organisations that they meet politicians on a personal level. It is at these meetings that they develop and foster a close personal relationship with the politicians. They then patiently wait for their eventual reward. The most important personal characteristic of the non-militant political activist is a lack of self-confidence in his personal attributes and his ability to advance on merit. Therefore, non-militant political activists seek to advance their positions through informal political or other channels.

### ***Militant political activists***

Militant political activists usually originate from non-partisan, neutral and dedicated civil servants. Because of their neutrality towards political party dogma and party political inactivity and non-membership of political parties and secret organisations, they are overlooked for appointment and promotion. They frequently experience that the careers of colleagues, who have the same or even inferior qualities and attributes, start rocketing past them to the top by using political party support and their membership of secret organisations for advancing their careers. They frequently experience their juniors being promoted without merit to higher positions than theirs. Because of this discrimination against them, they soon become disillusioned and frustrated with their careers. As a result of this frustration, they soon lose their motivation and become passive. Gradually they may start sympathising with opposition political parties and secret organisations not favouring the ruling party. Eventually they may become militant and start undermining the government in the execution of its policy. They may eventually join revolutionary organisations.

Militant political activists in the public service may also arise among unselfish service-oriented citizens, who are well educated and professionally trained, but who are denied a career in the public service because of ascribed natural characteristics such as race, colour, or creed. Because of their frustration, these citizens sometimes become the leaders of revolutionary organisations with the aim of overthrowing the system of blatant discrimination against them, eventually to gain access to a public service career.

Another source of militant political activists in the public service is the less developed, illiterate and unskilled type who in any event will not gain access to a career in the public service, apart from becoming a labourer or messenger. This type usually cannot make it in the private sector either and they become part of the

frustrated unemployed. They make excellent recruits for revolutionary organisations, with a promise of a utopian public service career where every one of them will board the gravy train once the revolution has succeeded.

The political activist model is not suitable for sound democratic government for the following reasons:

- it is based on political expediency rather than efficiency and effectiveness;
- nepotism and patronage instead of merit are the order of the day;
- civil servants are appointed and promoted because of their allegiance to the ruling party or to a dominating secret organisation and not by criteria of competence;
- it destroys the merit system of career development and advancement;
- it creates a public service which is not representative of all groups in a country;
- public services are distributed on a preferential basis according to political affiliations and support;
- it leads to corruption and maladministration;
- it may eventually cause conflict and political instability, which leads to a complete collapse of a country's economy and public administration; and
- It may eventually lead to severe revolution, civil war and *coups d'état*.

The most glaring examples of political activist models are the public services of the communist and socialist countries, where the ruling parties' hierarchies coincide with and run parallel to the public service hierarchies, with the political parties' officials serving in both at the appropriate common level. As a result of this situation, the negative social, economic and political conditions in these systems, such as famine, poverty, high inflation, lack of economic growth, , corruption, conflict, and political instability, are apparent and obviously beyond dispute.

### ***Scientific bureaucratic model***

The scientific career bureaucrat is a well-educated and well-qualified professional technocrat and an absolute expert in the functional activities of his department. He has a machine-like approach, aiming at the one best way of obtaining results. He believes in a value-free scientific management approach and takes decisions on the basis of rational factors only. The scientific career bureaucrat is dedicated to the goals and objectives of his organisation. He aims at realising the goals of his organisation as efficiently and effectively as possible, irrespective of the impact of the results on the community or on some parts of the community. His main purpose is to perpetuate the life of his organisation. Survival of the organisation is his sole aim, because it is the only way of advancing his career.

A scientific career bureaucrat is non-partisan, socially and politically insensitive, politically neutral and not responsive to public needs, problems and values. Official duties are conducted in a spirit of impersonality, without hatred but also without affection. He executes laws and regulations to the letter of their meaning, irrespective of the circumstances of the affected individuals. He sees himself as a successful civil servant when receiving clear audit reports. Internal efficiency and effectiveness are his only measures for enhancing his career. He works only through the official channels for promotion and expects to be promoted on achievement, seniority or both.

The most negative aspect of the scientific bureaucratic model is that it operates in a closed system aimed at internal effectiveness, efficiency, economy and productivity and not so much at the satisfying of the individual's personal and the community's collective needs and values. It concentrates so much on these internal goals and objectives that the needs and values of the people are ignored or grossly neglected. This model ignores the specific individual and general values and wishes of the people. The inevitable result of this model is a public service completely in disequilibrium with its environment, acting in disharmony with the wishes of the people. It is an excellent model for doing the right things wrong and the wrong things right. It complements in some ways the political activist model in that it may also lead to conflict and political instability. It is obvious that the scientific bureaucratic model will never fit the requirements of a modern public service.

### ***Professional public manager model***

A professional public manager is an impartial and administratively competent person, politically neutral but politically sensitive and always ready to serve under any government. He is a well-educated and well-qualified public administrator, a person with integrity who preserves high moral standards under any circumstances.

A professional public manager:

- is sensitive to the values of individuals and groups and acts responsively to individual problems, needs and values as well as those of specific groups;
- ensures programme efficiency and effectiveness in an open system, that is a system where the public service is in equilibrium with the environment and functions in harmony with the general and particular values and wishes of the community;
- strives for social equity and justice with an ethical content and deploys his efforts on behalf of each individual;
- does not infringe upon the basic liberties of individuals;
- provides means to resolve ethical dead logs; and
- acts according to a professional code of conduct that would require a commitment to social equity.

Although the professional public manager should be politically neutral, he could never be politically insensitive. The professional public manager, however, must know where to draw the line of involvement; he must recognise the limits of his sphere of political action.

It is imperative that five conventions must be followed:

- never get involved in party political organisations and election issues;
- leave the public and political stage (radio, television, public meetings) to the politicians;
- cultivate political contacts without striking up personal friendships;
- uphold the interests of the minister and the department without making enemies within the executive authority; and

- avoid being taken by anyone as the promoter of a politically contentious or controversial policy.

The professional public manager model fulfils the criteria for an acceptable public service and is based on top civil servants being simultaneously subject to and distinct from the political officials. They are subjugated to the political officials in the sense of providing them with objective advice and the diligent execution of duty without impinging on their final decision making role. They are distinct from them in that their careers are governed by criteria of competence and merit and not allegiance to the ruling party or a secret organisation.

As already argued, however, there is no clear-cut separation between politics and administration. The classic political-administrative dichotomy is a simplistic caricature, incapable in particular of taking account of the relations established by the professional public manager and his minister. A clear division of responsibilities between a minister and a professional public manager is rendered almost impossible by the principle of ministerial responsibility, which make a minister personally answerable to parliament for all the acts or omissions of his department.

Essentially, there are three aspects to a professional public manager's sphere of political action. He must, *first*, penetrate the political networks; *second*, decode and analyse political ideologies; and *third*, protect his minister's image. In addition to understanding politicians, he must be able to tailor his attitude to their political beliefs. The core substance of his advice may not change, but he will formulate it differently according to the political platform of the party in power and according to whether the minister himself is a moderate or a radical. The professional public manager therefore needs to be acquainted with political networks and ideologies and must have a keen regard for the minister's public image. The need for political sensitivity requires the professional public manager to be a well trained, expert political and policy analyst. The obvious choice for honest, good and sound public administration and management is the professional public manager model.

### **Leading and motivating personnel**

Exerting leadership as a management function has already been explained. As it is so closely related to motivation, we must briefly return to the topic. Executive leadership involves the deliberate development of an environment by the chief executive officer in which the subordinates may be prompted to accomplish their tasks efficiently and effectively. This means the creation of physical surroundings that are not repressive but are pleasant to work in. It also means providing the necessary technical equipment needed for the effective performance of their work. Furthermore, it means the establishment of sound interpersonal relationships between the personnel in the organisation that are conducive for efficient and effective performance. In addition, and perhaps most importantly, it involves the creation of a positive work ethos. The interaction between the chief executive officer and his subordinates may be classified in three types: namely, representation interactions, response interactions, and direction interactions as explained below.

- *Representation interaction* demands that the chief executive officer cater for the legitimate needs and goals of his subordinates. The chief executive officer makes representation on behalf of his subordinates to the appropriate authorities to obtain from them the necessary co-operation and concessions for his personnel. This is perhaps the most important function of a chief executive officer to gain support and loyalty from his personnel.
- *Response interaction* entails the chief executive officer's responsiveness to the needs and goals of his personnel that he can satisfy himself. This means the chief executive officer must provide an appeal procedure to take care of inter-group conflict situations. It also means the provision of adequate accommodation and technical equipment, and an assurance of the status and security of the personnel's positions. In return, the personnel must agree to respond positively to these actions. In a sense, this is a relationship of mutual trust between the chief executive officer and his subordinates, with sufficient control over their conditions of employment to obtain satisfaction of personal needs through the positive performance required from them.
- *Direction interaction* means that the chief executive officer seeks compliance from his personnel through motivation and discipline. As part of this interaction, the chief executive officer uses rewards and sanctions when and where necessary. It is his legitimate authority to apply rewards and sanctions that gives the chief executive officer superior status and makes personnel respond to his directions and instructions. Both motivation and discipline are exercised in conjunction with each other.<sup>181</sup>

### **Motivation**

The essential process of motivation involves the influencing of personnel to strive willingly towards accomplishing the organisation's goals, objectives and targets. The chief executive officer must recognise that the goals and objectives of his department may be in conflict with those of some of his personnel or groups to which they belong. Motivating means acknowledgement of these conflicts and interpreting or adapting the department's goals and objectives in such a way that the differences become insignificant. The art of motivation is one of conditioning subordinates to come to an understanding that organisational objectives are compatible with their own individual ones. Sociologically speaking, it involves a fusion of the interests of individual staff members and those of the organisation.<sup>182</sup> People who are "motivated" exert a greater effort to perform than those who are "not motivated". Motivation is the willingness to do something and is conditioned by this action's ability to satisfy some need for the individual. A need means some internal psychological state that makes certain outcomes appear attractive.

### **Goal achievement**

An unsatisfied personal need creates tension that stimulates drives within the individual. These drives generate search behaviour to find particular personal goals

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<sup>181</sup> Basi, Raghbir, *op cit.*, p. 119.

<sup>182</sup> *Op cit.*, p. 120.

and objectives that, if attained, will satisfy the need and lead to the reduction of tension. Motivated employees are in a state of tension. In order to relieve this tension, they engage in activity. The greater the tension, the more activity will be needed to bring about relief. Therefore, when one sees people working hard at some activity, one can conclude that they are driven by a desire to achieve some goal that they perceive as having value to them.

### **Some early motivation theories**

There are four early motivation theories, formulated in the 1950s that have received considerable attention and are frequently offered as explanations of motivation. Abraham Maslow, Douglas McGregor, David McClelland, and Frederick Herzberg formulated these theories.

#### ***Maslow's needs hierarchy theory***

We have already explained Maslow's needs theory and the public's needs in Chapter Two *supra*. These needs obviously apply to the public servant as well and not only to private individuals. As each of these personal needs becomes substantially satisfied, the next need becomes dominant. As the individual staff member moves up the organisational hierarchy, his personal needs also move up the needs hierarchy with self-esteem and self-realisation as his highest aims; this inspires and motivates him to perform to the best of his abilities. The better he performs the higher he moves up the organisational hierarchy and the higher he moves up the more he satisfies his ultimate needs. Maslow's needs theory has received wide recognition, particularly among public administrators. This can be attributed to the theory's intuitive logic and ease of understanding.

#### ***McGregor's Theory X and Theory Y***

Douglas McGregor proposed two distinct views of man: one negative, labelled *Theory X*, and the other positive, labelled *Theory Y*. After viewing the way administrators dealt with employees, McGregor concluded that a public administrator's view of the nature of man is based on a certain grouping of assumptions, and that he tends to mould his behaviour toward subordinates according to these assumptions.

Under *Theory X*, the four assumptions held by the public administrator are:

- employees inherently dislike work and, whenever possible, will attempt to avoid it;
- since employees dislike work, they must be coerced, controlled or threatened with punishment to achieve desired goals;
- employees will shirk responsibilities and seek formal direction whenever possible;
- most workers place security above all other factors associated with work and will display little ambition.<sup>183</sup>

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183 Robbins, Stephen P., *op cit.*, p. 296.

In contrast to these negative views on the nature of man, McGregor listed four other assumptions that he called *Theory Y*:

- employees can view work as being as natural as rest or play;
- man will exercise self-direction and self-control if he is committed to the objectives;
- the average person can learn to accept, even seek, responsibility;
- creativity – that is, the ability to make good decisions – is widely dispersed throughout the population, and is not necessarily the sole province of those in administrative functions.<sup>184</sup>

What are the motivational implications if you accept McGregor's analysis? The answer is best expressed in the framework presented by Maslow. Theory X assumes that lower-order needs dominate individuals. Theory Y assumes that higher-order needs dominate individuals. McGregor himself held that Theory Y assumptions were more valid than Theory X assumptions. Therefore, he proposed ideas like participation in decision making, responsible and challenging jobs, and good group relations as approaches that would maximise an employee's job motivation.<sup>185</sup>

Stephen Robbins maintains that unfortunately, there is no evidence to confirm that either set of assumptions is valid, or that acceptance of Theory Y assumptions and altering one's actions accordingly will lead to more motivated workers. Neither Theory X nor Theory Y assumptions may be appropriate in a particular situation.<sup>186</sup>

### ***McClelland's achievement, affiliations and power motives***

David McClelland has proposed that there are three major relevant motives or needs in work place situations:

- *the need for achievement* – the drive to excel, to achieve in relation to a set of standards, to strive to succeed;
- *the need for affiliation* – the desire for friendly and close interpersonal relationships;
- *the need for power* – the need to make others behave in a way that they would not have done otherwise.

Some people have a compelling drive to succeed for the sake of success alone. McClelland calls this the *drive for achievement*. From his research into the achievement need, McClelland found that high achievers differentiate themselves from others by their desire to do things better. They seek situations where they can attain personal responsibility for finding solutions to problems, where they can receive rapid feedback on their performance, and where they can set moderately challenging goals. According to McClelland, high achievers dislike succeeding by chance. They like to keep score, they are competitive, and they look for challenges. Importantly,

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184 *Ibid.*

185 *Op cit.*, p. 297.

186 *Ibid.*



they avoid what they perceive to be very easy or very difficult tasks.<sup>187</sup> According to Robbins, the characteristics of the need for achievement are closely aligned with qualities necessary for successful entrepreneurship. As a result, we should not be surprised to find high achievers attracted to higher positions in the public service, where there are challenging risks, rapid feedback and opportunities to influence outcomes through personal efforts.<sup>188</sup> According to McClelland, the need for affiliation and the need for power tend to be closely related to administrative success.<sup>189</sup> His research gives strong evidence that the best administrators have a high for power and a low for affiliation.<sup>190</sup>

Attempts to validate McClelland's research and conclusions have met with reasonable success. However, practitioners have given greatest attention to the need for achievement. Given that the achievement need drives people to act because of an internally induced stimulus rather than relying on externally imposed motivators, there are several implications for administrators. *First*, since the need for achievement attributes can be taught and have been positively related to higher work performance, administrators could consider having employees undergo need achievement training to stimulate this need. *Second*, the understanding of the concepts behind the need for achievement and the characteristics which individuals high in need achievement seek in their jobs can assist in explaining and predicting employee behaviour.<sup>191</sup>

### ***Herzberg's motivation hygiene theory***

In the belief that a person's relation to his work is a basic one and that his attitude towards his work can determine his success or failure, Frederick Herzberg investigated the question: "What do people want from their jobs?" His theory is based on the employee's attitude towards the job, to genuine fulfilment. He proposes two factors that address this attitude: one that removes the source of dissatisfaction, and one that provides positive fulfilment. The first of these he calls *hygiene* factors, and the second *motivation factors*. These two categories are separate and distinct from one another. One of them simply pacifies and the other positively motivates. When they are satisfactorily maintained, people will neither be dissatisfied, nor will they be satisfied. If we want to motivate employees, we must emphasize *achievement, recognition, the work itself, responsibility, growth and advancement*. These are the characteristics that people find intrinsically rewarding.<sup>192</sup>

If government organisations were widely practising the theories espoused by Maslow and Herzberg, we would expect to see job enrichment, participative decision making techniques and other autonomy-oriented approaches being broadly implemented. This is not the case. Public servants still tend to rely heavily on money as a motivator. Similarly, organisational rewards tend to emphasise *salaries and wages, working hours, and working conditions* – all hygiene factors.

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187 McClelland David C, 1961, *The Achieving Society*, New York, Van Nostrand Reinhold.

188 Robbins Stephen P, 1980, *The Administrative Process*, Englewood Cliffs, Prentice-Hall, p. 298.

189 "McClelland Advocate of Power" in *International Management*, July 1975, pp. 27-29.

190 Robbins Stephen P, *op cit.*, p. 298.

191 *Ibid.*

192 *Op cit.*, p. 300.

### ***Vroom's expectancy theory***

Although the early motivation theories offer insight into motivation, none offers a valid model for explaining an individual's drives. What is needed is an integrative model that considers such important elements as *personal needs*, the *job description and specification*, the *ability* of the employee, and *contingency aspects* relevant to particular people in particular situations. Such a model has been formulated and, though it has not been immune to attack, it is currently the clearest and most accurate explanation we have of individual motivation. Vroom<sup>193</sup> calls this model *expectancy theory*.

*Expectancy theory* argues that the strength of a tendency to act in a certain way depends on the strength of an expectation that the act will be followed by a given outcome and on the attractiveness of that outcome to the individual. It consequently includes three variables:

- *attractiveness*: the importance that the individual places on the potential outcome or reward that can be achieved on the job. This considers the unsatisfied needs of the individual;
- *performance-reward linkage*: the degree to which the individual believes that performing at a particular level will lead to the attainment of each job outcome;
- *effort-performance linkage*: the perceived probability by the individual that exerting a given amount of effort will lead to performance.<sup>194</sup>

While this may sound complex, it really is not that difficult to visualise. Whether one has the desire to produce at any given time depends on one's particular goals and one's perception of the relative worth of performance as a path to the attainment of these goals. The strength of a person's motivation to perform (effort) depends on how strongly he believes that he can achieve what he attempts. If he achieves this goal (performance), will he be adequately rewarded and, if he is rewarded by the organisation, will the reward satisfy his individual goals? The four steps inherent in this theory are:

*First*, what *outcomes* does the job offer the employee? Outcomes may be positive: pay, security, companionship, trust, fringe benefits, a chance to use talent or skills, congenial relationships. On the other hand, employees may view the outcomes as negative: fatigue, boredom, frustration, anxiety, harsh supervision and threat of dismissal. Reality is not important here; the critical issue is what the individual employee perceives the outcome to be, regardless of whether or not his perceptions are accurate.

*Second*: How *attractive* do employees consider these outcomes? Are they valued positively, negatively or neutrally? This is a private issue for the individual who considers his personal values, personality and needs. The individual who finds a particular outcome attractive – that is, positively valued – would prefer attaining it to not attaining it. Still others may be neutral.

*Third*: What kind of *behaviour* must the employee produce in order to achieve these outcomes? The outcomes are not likely to have any effect on the individual

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193 Vroom Victor H, 1964, *Work and Motivation*, New York, John Wiley, quoted in Robbins, *op cit.*, p. 301.

194 Vroom refers to these three variables as *valence*, *instrumentality* and *expectancy*. See Robbins, *Ibid*.

employee's performance unless the employee knows, clearly and unambiguously, what he must do in order to achieve them. For example, what is "doing well" in terms of performance appraisal? What are the criteria the employee's performance will be judged?

*Fourth* and last: How does the employee *view his chances* of doing what is asked of him? After the employee has considered his own competencies and ability to control those variables that will determine his success, what probability does he place on successful attainment?

Let us summarise some of the issues expectancy theory has brought forward:

- *First*, it *emphasises payoffs or rewards*. As a result, one has to believe that the rewards the organisation is offering are aligned with what the employee wants. It is a theory based on self-interest in which each individual seeks to maximise his expected satisfaction: "Expectancy theory is a form of calculative, psychological *hedonism* (pleasure-seeking) in which the ultimate motive of every human act is asserted to be the maximisation of pleasure and/or the minimisation of pain."<sup>195</sup>
- *Second*, one has to be concerned with the attractiveness of rewards, which requires an understanding and knowledge of what value the individual puts on organisational payoffs. One shall want to reward the individual with those things he values positively.
- *Third*, expectancy theory emphasises expected behaviours. Does the person know what is expected of him and how he will be appraised?
- *Fourth*, the theory is concerned with expectations. It is irrelevant what is realistic or rational. An individual's own expectations of performance, reward, and goal satisfaction outcomes will determine his level of effort, not the objective outcomes themselves.<sup>196</sup>

Some critics suggest that the theory has only limited use, arguing that it tends to be more valid for predicting in situations where effort-performance and performance-reward linkages are clearly perceived by the individual. Since few individuals perceive a high correlation between performance and rewards in their jobs, the theory tends to be idealistic. If government organisations actually rewarded individuals for performance, rather than on the basis of criteria such as seniority, effort, skill level or job difficulty, then the theory's validity might be considerably greater. However, rather than invalidating the expectancy theory, this criticism can be used in support of the theory and for explaining why a large segment of the work force exerts minimal effort in carrying out their job responsibilities.

Observations suggest that public administrators are not providing accurate open feedback to subordinates about their performance. Public administrators find that identifying group task objectives and linking them to task responsibilities of individual members is a time-consuming operation. Mutual goal setting (the sharing of the goal-setting task with the subordinate) is avoided by some public administrators because they believe this is an infringement of their prerogatives. In some cases, task

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195 Locke Edwin A., 1975, "Personnel Attitudes and Motivation" in *Annual Review of Psychology*, Annual Reviews, p. 459, quoted in Robbins, Stephen P. *op cit.*, p. 304.

196 Robbins, Stephen P., *op cit.*, p. 304.

objectives are identified, performance is evaluated and the results are conveyed to the employee; yet, the employee remains unsure of the administration's view of his or her accomplishments in terms of pre-established objectives. In summary, it appears that many public administrators have failed to recognise the importance of establishing objectives and performance feedback as would be suggested by expectancy theory.<sup>197</sup>

### **Rational motivation**

As explained under “individualism“ right at the beginning of this work, no two persons are the same. Persons all differ from each other in intelligence and personality. Some are very intelligent, some are of average intelligence and some are below average. Some are open, friendly extroverts, socialising and co-operating with ease and some appear to be closed unfriendly introverts who withdraw rather than socialise and co-operate with other people. To be a successful leader and motivator the public administrator as professional public manager must make a study of his subordinates to find a rational way in dealing with them separately and collectively. In most cases group-motivation sessions may work. However, there may be some employees who have to be dealt with individually because of their unique personalities. There may perhaps be no direct correlation between the personality traits and people's intelligence quotient. However, it may just be possible that those on the lower rung of intelligence are happy with the lower-order needs on Maslow's needs hierarchy, while those on the top rung will strive for the self-esteem and self-actualisation needs on the top of Maslow's needs hierarchy. These are people with more ambition than those on the lower rung. Put another way: the self-esteem and self-actualisation needs of employees at the lower end may be at a lower level than that of those on the top.

The point to make is that in some cases McGregor's *Theory X* should be applied and in some case his *Theory Y*. In other cases McClelland's *drive-for-achievement theory* may be utilised, where the motivator must concentrate on exploiting this personality trait to motivate the persons with such drives. In other cases the leader should concentrate on Herzberg's *motivation hygiene theory*. Robbins' *expectancy theory* may apply in some cases. It all depends on what motivates each individual and on the personality traits of every individual employee. However, there are certainly some common and/or collective needs for all employees, especially those at the lower end of Maslow's needs hierarchy, such as minimum living standards, housing, food and clothes, reaching their self-esteem and self-actualisation levels at a lower level. Some employees may be happy with the bare minimum, but some may perhaps strive for higher and still higher values until they reach the maximum of self-actualisation. The leadership motivation strategy must be flexible to comply with and adapt to the variation of the personal needs and motivations of employees. Under “Exerting leadership” *supra*, it has already been explained that a leader should concentrate on the positive personality traits and personal motives of each of his employees in motivating them. By ignoring the negative aspects, they may disappear into oblivion.

Another point to make is that the chief executive officer of one large government organisation may find it impossible to motivate a staff of (say) a thousand employees

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197 *Op cit.*, p. 305.

scattered around the country in regional offices and in the head office where he is usually situated. The solution lies in joint management with his subordinate managers in his management team. All the chief executive officer can do is to motivate his management team and let them in turn motivate the employees of their own sections or regional offices. Every member of the joint management team must be a leader and a motivator in his own right. Remember that a chief executive officer as leader of his management team can only be as strong as his supporting team and can only be successful if they are successful. Therefore, successful leadership and motivation make the leader and unsuccessful leadership and motivation break the leader.

## **INFORMATION MANAGEMENT**

The science of information management deals with the generation, collection, organisation, storage, retrieval, and dissemination of recorded knowledge. Information theory is concerned with the mathematical laws governing the transmission and processing of information. More specifically, information theory deals with the collection, measurement, the representation of information and the capacity to communicate, transmit and interpret information. However, before one can start to collect, measure, communicate and interpret information, one must know what information is needed.

### **The need for information**

Information is a very important resource to be managed in the administration of public affairs. Public administrators require information of various kinds and forms for policy-making, decision making and the other management functions. As explained, the sole purpose of government is to satisfy the collective needs and common values of the public (and eventually the individual) and to make policy and take decisions on these needs and values. It follows logically that the information required to make policies and take decisions on satisfying the public's needs and values must be linked to these needs and values. The information required by the public administrator can be classified according to the same groups and order as the needs, namely social information, economic information, political information, and information on safety and security. The information must correlate and relate to the functional activities of the government departments. As in the case with public needs, it is neither possible nor necessary to identify every piece and kind of information needed for making decisions and policies on satisfying public needs and values. Only the most important ones will be cited and explained. The public administrator must identify all the information needed for his decision making and policy formulation before he starts to collect, process and interpret it.

### **Social information**

Demographic studies provide important social information for the public administrator. Demography is the study of human populations, primarily with respect to their size, structure and development. Demography is often divided into:

- *formal demography*, concerned with the statistical processing of data relating to purely demographic variables, such as births, deaths and migration, together with the refinement of analytical techniques to measure these events; and
- the wider field of *population studies*, including the study of fertility, mortality and migration in their wider social, economic and behavioural context using qualitative and quantitative methods.

Both formal demography and population studies have important applications in public administration. Government administrations at all levels, from national governments to local governments, have a need for the gathering, processing and interpretation of demographic data, for the purpose of policy making and decision making. Changes in fertility, mortality and migration, for example, have social, economic, cultural and political impacts, so demography is an essential part of social policy analysis and social development.

The main demographic indicators used in studying populations include population size and growth rates, crude birth and mortality (death) rates, total fertility rate, life expectancy at birth, infant mortality rate, sex ratio and age distribution patterns. Birth, mortality, migration and population growth rates are expressed as proportions of the total population; birth and death rates, for example, are stated as numbers per 1000 population per year. These rates are affected by the population age structure. The sex ratio of males to females in a particular population is another age-influenced indicator. Normally at birth it favours males, then moves into balance, finally moving in favour of females, who live longer, but this can be influenced by social and cultural factors and migration.<sup>198</sup>

Age distribution patterns are, for instance, needed to determine the demand for education and educational infrastructure, the demand for old age pensions and in determining retirement ages, and the demand for leisure and sport facilities. Health statistics and birth rates are necessary to determine the demand for health care and for the provision of health institutions (clinics and hospitals). Data on cultural, language and religious diversity are important for policies on these very critical matters. In a multi-lingual situation there is a need for an official language policy. In a multicultural and multi-religious society a policy of cultural and religious freedom may be in strong demand.

### **Political information**

Every public administrator in a management position must be fully informed on the party politics of the country, because party politics have a very direct influence on the government administration of a country. All policies formulated by the public administrator are debated in the legislature before they are approved to become law or rejected. All political parties represented in the legislature participate in the discussion on the proposed policies as contained in the bills presented for approval. Every party may have a specific standpoint on the proposed policy and strategy, and the public administrator formulating the proposed policy and strategy should bear this in mind. It

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198 Encarta Encyclopaedia, 1993-2000, “*Demography*” Microsoft Corporation, p. 2.

is not expected of the public administrator to comply with every party's standpoint; this is impossible, but it will serve the public well if he can create consensus on crucial matters between all the political parties represented in the legislature.

Therefore, the public administrator must make a study of every party's *policies and strategies* on crucial matters regarding his department's functional activities. He must also be informed on the *membership of each party*, because membership determines a party's relative public support and, if the support is significant, it may have an influence on the minds of the ruling party. Another important factor to consider is the *strength of the representation* of a party in the legislature. If the representation is insignificant, the relevant party could perhaps be ignored. However, if the representation is significant, it cannot be totally ignored. It is not necessary always to dance to the tune of the ruling party; it is sometimes necessary to convince one's minister and the executive that the standpoint of an opposition party on a specific matter has merit. A public administrator who blindly follows the ruling party's policies cannot claim to be a professional public manager. It must be remembered that party policies are not yet government policies. Only after they have been made law do they become government policies. The public administrator must consider what is best for the public and the country as a whole and convince the ruling party's minister to accept his proposals. It may sometimes be necessary to test the public's opinion on a certain proposed policy or matter concerning them before finally formulating it and presenting it as a bill for consideration by the executive and the legislature. Party political information is imperative for good public administration and management. Gathering of information on the policies, strategies and membership of political parties is easy; they are usually readily available on their private websites on the Internet.

### **Economic information**

Economic policies are measures taken by government intended to influence the behaviour of the economy. Some measures such as fiscal policy (controlled through the budget process) operate over the whole economy and constitute policy in the sphere of *macroeconomics*; others operate on some specific and limited part of the economy, such as the mining or forestry industries, and are policy elements in the realm of *microeconomics*. The two kinds of policy impinge on one another, since policy measures affecting the macro economy necessarily affect the micro economy, and what affects the micro economy registers in the performance of the macro economy.

*Microeconomic policies* are so multifarious that it is almost impossible to cover them even briefly. They may relate to some specific industry or product or apply more widely. For example, they may involve the nationalisation or privatisation of one particular industry. Some kinds of policy are regulatory; others seek to encourage particular activities. There are close links with social policies, especially those aiming at improving education and public health with a view to producing a healthier, better educated and more productive work force. Microeconomic policy sets the legal framework within which market forces operate and without which competition might no longer be equitable or socially advantageous.

The scope of macroeconomic policies depends upon the economic system in operation and the framework of laws and the institutions governing it. The system may

be *capitalist* or *communist*, i.e. a *free market economy* or *command economy*, pre-industrial or post-industrial. There are also wide differences between economists about the extent of government intervention in the economy. Some may take a *laissez-faire* view and put their trust in market forces to regulate the economy. Others may look to the government to remedy deficiencies in the economy. In the latter approach economic policy should be designed to eliminate fluctuations in economy activity, reduce unemployment, promote faster economic growth, create greater economic equality, reduce monopoly powers of large corporations/companies and prevent the deterioration of the natural environment. The more apparent it is that market forces yield undesirable as well as desirable results, the greater the pressure on the government to make and implement economic policies to cope with these defects.<sup>199</sup> The most important type of macroeconomic policy is *demand management*, which seeks to regulate the pressure on a country's resources by operating on the level of spending power and, therefore, on demand. On the *fiscal* side the government may manipulate the level of taxation or change the tax system in ways intended to encourage or discourage consumer spending or capital investment – see the section on the budget's economic regulation function *supra*.

On the *monetary* side preserving the *stability of the value of money* is an important policy function of the central bank of a country. The impact and success of economic policies depends heavily on the skills and knowledge of the public administrators who formulate and implement the policies. Central banks try to create stability in the value of money by so-called *open-market operations* and by changing the *required reserve ratios* and the *bank rate*. In *open-market operations*, when the growth in the total money supply in the economy is too slow, the central bank purchases government securities, thereby increasing the money supply and stimulating demand and economic growth. A too small money supply causes a reduction in the demand for goods and services, leading to a stagnation of economic activities, with all kinds of imbalances such as unemployment and lack of real investment. When there is an oversupply of money in the market, causing inflation, the central bank will sell securities in the open market, thereby withdrawing money from the total supply.

Economic policy may do more harm than good if it is based on wrong information and a mistaken diagnosis of the causes, or because of a lack of the necessary information, or lack of knowledge and skills of public administrators (as policy formulators) on how to collect, process and interpret economic information. Economic activities are so multiple and economic systems are so complicated that to identify all economic indicators is almost impossible. Understanding economic indicators and the collecting, processing and interpreting of economic data are a complete study in itself. It demands a complete study of Economics and Econometrics and requires great expertise in understanding how a country's economy operates. Economic data are a real minefield, even for the best-qualified economist. In spite of how experienced one is in the use of economic data, they must be handled with great care.

The following are a few basic requirements and advice that should be borne in mind when economic data are collected, processed and interpreted.

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199 Cairncross, Sir Alec, 2001, *Economic Policy*, Encarta Encyclopaedia, Microsoft Corporation.



- Know the *definitions* of the relevant concepts. Even a reasonable concept like ‘population’ can be ambiguous: does it refer to the *de jure* or *de facto* population?
- Always check whether the variable concerned is a *stock variable*, a *flow variable* or a *relation*.
- Inform yourself on the *geographical location and coverage* of the data.
- Remember that a vast part of the data are not collected or directly estimated by data agencies, but are *by-products of some administrative process*. In these cases the definitions are usually determined by administrative convention.
- Be careful *with international comparisons*. Definitions may differ from country to country, while international denominations also create comparison problems.
- Always check whether the *data have not been reviewed*. In the case of weekly, monthly, quarterly and yearly published data, it is also necessary to check whether *seasonal changes* have been updated.
- Remember that *correlation* does not imply *causality*. If two different variables show the same tendencies, it does not follow that the one is the cause of the other.
- Remember that in the use of statistics, serious problems are sometimes made by not applying *elementary control mechanisms* in the comparison of statistics.
- Never come to *conclusions* in a hurry.

The following are some economic indicators frequently used for policy-making:<sup>200</sup>

- *Gross National Spending* (GNS), a term used to describe in monetary terms the total annual flow of goods and services in the economy of a nation for a specific period, valued at market prices. It includes spending on imported goods and is therefore a measure of total spending in a country;
- *Gross National Product*. (GNP). GNP is the total value of all *final* goods and services produced in a specific period in the economy of a country;
- *Gross National Income* (GNI). GNI can also be calculated by the income approach to national accounting, in which all forms of wages and income are added together, such as corporate profits, net interest returns, rent, indirect business taxation and unincorporated income. Both methods produce the same result;
- *Gross Domestic Product* (GDP). Most industrialised countries now use the GDP as their chief economic indicator. GDP represents the total value of final goods and services produced in a country during a specific period;
- *Production Price Index* (PPI). The PPI is an index of the prices of a representative basket of goods produced in a country, including capital and intermediate goods. The prices are calculated on the first indicative transaction of goods sold;
- *Consumer Price Index* (CPI). The CPI is an index of the prices of a representative basket of consumer goods and services. The CPI is probably the most used and misused of all economic indicators;
- *Inflation and deflation*. These are terms used to describe, respectively, a decline or an increase in the *value of money* in relation to the goods and services it would buy. *Inflation* is the pervasive and sustained *rise* in the aggregate level of prices

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200 See Mohr, Philip, 1998, *Economic Indicators*, Pretoria, UNISA Press, for an elaborate exposition of economic indicators and their application.

measured by an index of the cost of various goods and services. *Deflation* involves a sustained *decline* in the aggregate level of prices;

- *Exchange rate*. This refers to the price at which one currency can be converted into another or into gold, special drawing rights (SDRs of the IMF), or other medium of international exchange.

### **Safety and security information**

For the safety and security of every individual and the country it is necessary to obtain information on crime, internal political security and external military threats. This information is necessary for formulating safety, policing and defensive strategies to safeguard the public from any internal and external threats of their safety and security. For these purposes governments must establish what is called criminal information centres, military intelligence services and national intelligence services.

- *Criminal information centres* are important not only for formulating strategies to fight crime, but also for a specific strategy like the training of policemen and the creating of specialised crime detective units in the police services. There are a variety of crimes committed on a daily basis, from the most serious such as murder, attempted murder, assault with the purpose of doing grievous bodily harm, housebreaking and theft to the less serious such as driving under the influence of alcohol and other less serious traffic offences. Information is needed on a regular basis to formulate policies and strategies in eradicating these problems.
- *Local intelligence institutions* are necessary for collecting data on domestic political and other revolutionary activities posing a threat to the country's legitimate government and the general human rights values of the population. This should not include domestic espionage in such a manner as to pose a threat to individual rights. Nevertheless, gathering intelligence on a domestic scale sometimes requires a form of espionage, such as telephone tapping by the national intelligence services; however, this should not happen without a fair amount of *prima facie* evidence and only after a high court order has been obtained.
- *National intelligence agencies* operating on an international basis by the military or a special agency created for the purposes may be necessary for the safety of a country against external military and terrorist threats. This boils down to engaging in *espionage*, the secret collection of information, or intelligence, that the source of such information wishes to protect from disclosure. Espionage is illegal according to international law and even the national laws of most countries. International espionage methods and operations have few boundaries. Espionage exists in a secret world of deception, fraud and sometimes violence. Espionage involves the recruiting of agents in foreign nations; attempting to encourage disloyalty of those possessing significant information; and audio surveillance as well as the use of a full range of modern photographic, sensing and detection devices, and other techniques for eliciting secret information.<sup>201</sup>

Intelligence work proceeds in a five-step process:

- *the first step* is what the decision makers need to know is considered and requirements are set;

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201 Microsoft Encarta Encyclopaedia 2001, "Espionage", Microsoft Corporation

- *the second step* is collecting the desired information, which requires knowing where the information is located and who can best obtain it;
- *the third step* is intelligence production, in which the collected raw data are assembled, evaluated and collated into the best possible answer to the question initially asked;
- *the fourth step* is communicating the processed information to the decision maker;
- *the fifth and crucial step* is the use of the intelligence. The decision maker may choose to ignore the information conveyed, thus possibly courting disaster; on the other hand, a judgement may be made based on information that proves inaccurate. The point is that the decision maker must make the final crucial judgement about whether, or how, to use the information supplied.<sup>202</sup>

### Collecting information

There are many ways of collecting information. The most important of these include official national censuses, opinion polls, questionnaires and official returns from wherever the data are generated, such as civil registers, disease and other health statistics, emigration and immigration figures, and sample surveys and interviews.

- *Censuses.* National censuses are one of the main sources of information. “Census” is a term primarily referring to the official and periodical counting of the people of a country; also, the printed record of such counting. In actual usage the term is applied to the collection of information on the size and characteristics of the population, as well as on the number and characteristics of dwelling units, various business enterprises and governmental agencies. The United Nations has encouraged all countries to adopt uniform standards in taking their national censuses. A broad list of UN-recommended census criteria includes: place of residence, family status, sex, age, marital status, offspring, birthplace, job or employment status, citizenship, language, ethnic and religious character, level of education, total population distribution and household composition. Modern censuses are often conducted at intervals of five or ten years, frequency being limited by cost and effort involved in gathering and collecting data. Questionnaires are favourite means of gathering information. Censuses usually referred to a hypothetical “census moment”, because some of the data may change during the collation period. Modern computer processing techniques allow very rapid tabulating and evaluation of data, and many censuses are now published on CD-ROM. The most time-consuming part of modern census taking therefore tends to be data input and processing.<sup>203</sup>
- *Opinion polls* are generally accepted as useful tools by business, political organisations, the mass media and governments as well as for academic research. In party politics polls are used to obtain information about voters’ attitudes towards political issues and candidates, to put forward candidates with winning potential and to plan political campaigns. Governments use opinion polls to tap public sentiment about issues of interest. In addition, government organisations

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<sup>202</sup> *Ibid.*

<sup>203</sup> Microsoft Encarta Encyclopaedia 2001, “Census”, Microsoft Corporation.

use polling methods to determine unemployment rates, crime rates and other social and economic indicators.

- *Questionnaires and interview schedules.* Great care must be used when fashioning questionnaires or interview schedules, and testing the questions before using them in the field is always advisable. Ideally questions should be short, clear, direct and easily comprehensible. Apart from such an obvious necessity as trying to avoid bias, many subtle problems arise in framing a question. A certain word or phrase, for example, may mean different things to different people. In making a question simple enough to be understood by everyone, the issue may be oversimplified to the extent that it has no meaning to the more sophisticated respondent. Sometimes the order in which questions are asked can affect the response. In addition, the tone or wording of the question may alter the measured response. Other problems can be traced to interviewer effects. Age, sex or racial differences between the respondent and the interviewer can sometimes affect the answer. Once the data have been gathered, the analyst must seek to find meaning in the results, keeping in mind the problems of sampling variability, question-wording biases, and interviewer effects.<sup>204</sup>
- *Periodical returns.* Another form of gathering data is periodical returns from branch offices, other government institutions and private business. These returns are based on official forms concerning the aspects to be collected such as economic data from private business and crime data from police districts all over the country. The forms are compiled in such a manner that the necessary figures and information need only be filled in.

### **Information processing and interpretation**

Many official government institutions gather and process critical information needed for policy making and decision making in the public sector. Central reserve banks gather information on economic indicators for making monetary and fiscal policy, and they publish the processed information in quarterly, half-yearly and annual bulletins. The Receiver of Revenue may publish annual reports on taxation and tax collection statistics. The police services publish annual crime statistics. The government auditor publishes audit reports on the activities of government organisations. All this information is available for researchers, policy makers and decision makers. The point is that those who want to use it for their specific purposes must process the data.

The science of data processing is called 'statistical analysis. Statistics is a branch of mathematics that deals with the collection, organisation and analysis of numerical data and with such problems as experiment design and decision making. Statistics is a reliable means of describing accurately the values of economic, political, social, psychological, biological and physical data, and it serves as a tool to correlate and analyse such data. The work of a statistician is no longer confined to gathering and tabulating data, but is mainly a process of interpreting the information. The raw materials of statistics are sets of numbers obtained from counting or measuring information. In collecting statistical data, adequate precautions must be

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204 *Ibid.*, "Public Opinion".

taken to secure complete and accurate information. The collected data must be arranged, tabulated and presented to permit ready and meaningful analysis and interpretation. Data can be presented in, for instance, graphs, pie charts, histograms, polygons and algebraic equations.

The term “electronic information processing” covers the generation, storage, transmission, manipulation and display of information, including numerical, textual, audio and video data. Electronic information processing has become increasingly visible and important in economic, social and political life since the development of computers. The new information technology based on microelectronics underpins huge increases in the power and decreases in the costs of all kinds of information processing. The information processing aspects of all work can be reshaped through electronic information processing. With the arrival of desktop computers the public administrator’s task of information management has become easy.

With programmes such as *Microsoft Power Point* it is easy to process any data for policy-making and decision making purposes. It all depends on the public administrator’s personal skills in operating and applying this new technology. The basic requirement is the public administrator’s knowledge and skills to draw the right inferences and desired conclusions from the processed data in his policy-formulation and decision making functions.

## **INVENTORY MANAGEMENT**

The purchasing, storing and issuing of stock, that is the management of inventory, is another management operation of which a sound knowledge is needed for effective and efficient overall management. It must always be borne in mind that an inventory of stock represents cash. Stock is purchased in advance of its use. Only when stock is needed and drawn from the warehouse is cost debited as expenditure against the operational account of the relevant department. In its unapplied state, when kept in a warehouse, stock represents what may be called “dead” capital, with a loss of interest that could have been earned if the money spent on the stock had been invested. Economic and technical obsolescence, disintegration and destruction of stock during storage mean a waste of public money. If the purchase, storage and issuing of stock are not properly controlled, favourable circumstances for theft and corruption are created. Theft could then easily take place – for instance, by paying bills for stock never received. Many methods of fraud are possible in the tender process. Lower-quality products than tendered for may be delivered. So-called “kickbacks” may be paid to officials responsible for procurement. Inventory management is not as simple as might appear at first glance. If this operation is effectively executed it may contribute to the saving of money for other purposes. The prevention of unnecessary expenditure on the purchasing of stock may even prevent tax increases, because the purchasing of stock represents a substantial amount of government expenditure.

## **Procurement of stock**

The following aspects may hamper the effectiveness of satisfactory procurement procedures:

- the complexity of democratic control and the demand for public accountability;

- the ease with which disappointed tenderers can create doubts about tender procedures;
- the high standard of efficiency and effectiveness expected in a public authority;
- the diffusion of purchasing throughout an organisation with widely varying requirements.

It is true that democratic values serving as guidelines for public management may create administrative red tape. Unnecessary red tape should be avoided as far as possible. It must, however, always be borne in mind that stock is purchased with taxpayers' money and an account must be given in public of such activities. A set of formal purchasing procedures should exist and be published for the information of the public to eliminate the suspicions of unsuccessful tenderers and in order to account for the purchasing of stock in public. Purchasing procedures should be formulated in such a manner that irregularities would be eliminated. Regular auditing should be done to ensure the regularity of all purchases.

Governments must ensure best value for money when purchasing stock. Because government activities always take place in a changing environment, purchasing procedures and rules should always be adapted to the changing circumstances. It is the task of chief financial officers as expert advisers to develop purchasing systems complying with the aforementioned requirements, including at the same time the necessary control measures. At the central government level it is usually the Treasury's responsibility to control the whole procurement system, including the purchasing of stock. Large amounts of money are spent annually on the purchasing of stock. It is therefore imperative to have an effective stock control system.

A distinction should be drawn between calling for and awarding of tenders, the procedures to be followed and the purchasing of stock after the awarding of tenders to specific suppliers. Each authority should apply the purchasing rules best suited to its own peculiar circumstances. Purchasing procedures should be as flexible as possible within the framework of proper control. Purchasing stock is a staff function and the buyer forms the link between the consumers and the private sector suppliers of stock. An official buyer should be an expert on the commodity markets in order to give the right advice on the allocation of tenders and to buy as economically as possible. Stock should be bought at optimum prices and buyers should use all technological and other facilities at their disposal to buy the optimum product at the optimum price.

### **Centralised purchasing**

The fact that a great deal of the same type of stock is used by almost all government departments makes centralised purchasing possible. Centralised purchasing favours economies of scale and savings.

- *First*, the advantage of lower prices because bulk purchasing can be utilised.
- *Second*, the extensive scope of possible purchases creates a keen interest among suppliers with greater competition as a positive consequence. Greater competition usually increases product quality at lower prices. Practical experience has proved that bulk purchasing within a centralised system results in lower prices and lower average purchasing cost per item.

- A *third advantage* is therefore a lower average purchasing cost per stock item.
- The *fourth advantage* is that expert (specialist) buyers can be afforded because of the extensive scope of stock to be purchased, consequently ensuring optimal prices.
- *Fifth*, a variety of offers with a consequent variety of choices can be obtained, ensuring the purchase of the most suitable product on the market.
- In the *sixth instance*, standardisation of stock items can be accomplished, automatically bringing about substantial savings.

These advantages may substantially reduce the ordering cost, stock prices, as well as the holding cost of stock. Centralised purchasing, however, must be substantial to accomplish these savings.

Another question to be discussed in the case of centralised purchasing is whether one should make use of a centralised warehouse or of a number of strategically placed decentralised warehouses. It appears that a centralised warehouse is the automatic choice in the case of centralised purchasing. However, before one decides upon a centralised warehouse a cost-benefit analysis and a feasibility study should first be done. The advantages and disadvantages must first be compared with those of a decentralised warehouse system. The biggest advantages of centralised purchasing is the increase in choices as well as the fact that it enlarges the bargaining ability of the buying institution with substantial cost savings as a consequence. If a central warehouse cannot realise these cost savings, it would not be a wise decision to centralise the storage and the issue of stock. An important disadvantage of a central warehouse is the larger operational cost of such a system. To buy stock from various manufacturers and suppliers all over the country and to bring it together at one centralised warehouse, only to redistribute it again to various consumer points all over the country, means a theoretical duplication of the transport cost. The real danger of stock becoming technologically obsolete is always present in the case of bulk purchasing and centralised storage. Technologically obsolete stock frequently has to be written off or sold at a price far below its cost price – sometimes as scrap.

Centralised purchasing can function well without a centralised warehouse. In most countries the latest tendency at central government level is to centralise the call for tenders for the supply of stock, but to decentralise purchasing. Each department buys its own stock and stores it in its own warehouse, from where it is distributed on requisition to the various sections and branches of the department. At the local government level usually only one centralised warehouse is used from where stock is issued to the various consumer departments of the local government.

### **Joint purchasing**

Joint purchasing of stock differs from centralised purchasing by one government, irrespective of the level of government. Within a single state, joint purchasing is possible only between two or more regional or local governments. Joint purchasing is neither new nor anything extraordinary. Smaller local authorities in a specific region should consider joint purchasing so that they may benefit from bulk purchasing. Stock consumption in some small local governments is so small that a warehouse is not

justified. In such a case each department purchases stock when it is needed. In this case the control of stock is difficult and the system lends itself to irregularities, while all the advantages of centralised purchasing are forfeited. Small local governments therefore pay high prices, but they are the ones who can least afford high prices.

### **Tenders and tender procedures**

Calling for tenders for the supply of goods and services is standard procedure in the public sector. Legislation compels governments to call for tenders before buying any goods or services. Only in very exceptional cases are governments allowed to buy goods or services without first calling for tenders. The objectives of this tender-calling policy are to avoid irregularities in the purchasing of goods and services and to enjoy the advantages of competition amongst suppliers. Competition amongst suppliers ensures high-quality goods and services at reasonable prices. However, if the demand for competition is too rigidly adhered to, it could be detrimental for the relevant government. Any government should be careful not to exclude itself from the advantages offered by a specific supplier of goods and services. A government should not reject, to its disadvantage, a tender from a supplier with a good service record in favour of a tender from an unknown supplier with no record of accomplishment; in other words, the lowest (cheapest) tender should not be accepted *ipso facto*. Tender procedures and prescriptions should allow for the rejection of the lowest (cheapest) tender if the supplier's reputation cannot be established beyond any doubt.

### **Calling for tenders and contracting**

There are two ways in which goods and services can be purchased, namely (i) the conclusion of a formal contract for a specified period with the supplier after accepting his tender according to the prescribed procedures; and (ii) the obtaining of written or telephonic quotations for casual purchases. Statutory prescriptions usually limit the amount for which written or verbal quotations may be obtained. Above this amount, tenders must be called for. Quotations, just like tenders, should be entered in the same manner into a register; the buyers should obtain the best value for the money spent. Written quotations should be filed for auditing purposes.

Tenders can be called for and contracts concluded in several ways:

- *public tenders* – where all potential suppliers are invited to tender by way of an official notice in the press or by medium of the Internet;
- *limited public tenders* – which are also open invitations for tenders but where the notice (invitation to tender) is placed only in specific technical journals of specific professions or specific industries specialising in the specific goods or services wanted;
- *private tenders* – where the invitation to tender is limited to a small number of selected suppliers specialising in the specific goods or services;
- *negotiated contracts* – where tenderers are expected to supply specifications of their products and even to describe and demonstrate the operation of their products;



- *serial contracts* – where a series of contracts is awarded to one contractor based on a standard bill of quantity and specifications. Existing contracts are then extended based on the same bill of quantity and specifications for other projects to the same contractor, usually with some price adaptations;
- *divided contracts* – where various contracts are awarded to various contractors for various parts of one project, or for supplying various components of one final product;
- *concessions* – where a right is granted to a contractor for the supplying of a public service on behalf of the government at a fixed price.

Serial contracts are most appropriate for the supply of stock. Serial contracts avoid the unnecessary repetitive calling for tenders every time the inventory stock has to be replenished. They ensure continuity in the supply of stock with consequent savings in cost and time. However, a condition should be included in the contract document calling for the periodic review of the contract and price adaptations.

### **Opening and awarding of tenders**

The notice calling for tenders usually mentions the closing date as well as a closing hour for presenting tenders. Only tenders received on or before the closing date and hour are considered. Late tenders should never be considered because this may lead to all kinds of irregularities and corruption. Official opening procedures should be prescribed in order to avoid any irregularities. Tenders should be opened in public and in the presence of all competing suppliers who wish to be present. Particulars of each tender should be announced in public and entered into an official tender register that should be kept for auditing purposes. After the awarding of the tenders, written contracts should be entered into between the government and the successful supplier. Usually the tender documents and the official letter of acceptance awarding the contract serve as the official written contract documents because all the conditions are contained in these documents.

Governments are not and should never be obliged to accept the lowest supplier. There may be good reasons why the lowest tender should not be awarded. There may be doubts, for instance, on the quality of the product or service offered by the lowest tender. A supplier may be very inexperienced with an inadequate knowledge of complicated construction work or the services to be rendered. The financial position of a supplier is an important factor that should always be considered. Insolvent contractors cause many problems in the supply of stock or in the completion of a project. Where there are doubts about the solvency of a contractor, bank guarantees should be insisted upon. In the case of the supply of machinery and equipment, it should be established beyond doubt that the contractor will be able to continue an effective maintenance service and that he holds a large enough stock of spares and other components. Delays in the repair of machinery and equipment may lead to substantial financial losses. The primary requirement, however, is that the lowest tender should be awarded if none of the above-mentioned negative factors are present.

### Acquisition and storage of stock

An aspect to be clarified first is which items (goods) should be regarded as inventory stock. There are three types of goods used by departments, namely consumable goods, non-consumable goods and movable property.

- *Consumable goods* are those goods which change during the consumption process and no longer exist in their original form, or which completely disappear in the process of consumption. Some goods may disappear because of damage or ordinary wear and tear.
- *Non-consumable stock* denotes those items that can be returned to the warehouse after use in their original form, in other words those items which have not become part of the production process. These types of goods are considered as equipment and they should be bought only when they are needed.
- *Movable property* (sometimes referred to as *rolling stock*) refers to those equipment items kept in stock or on record by the warehouse that are made available for casual use by departments and returned to the warehouse when not in use.

An optimum quantity of stock should always be available where and when it is required. The minimum and maximum quantity must be determined. The minimum quantity of stock is that quantity which must always be available on demand to satisfy the immediate needs of operational departments. The maximum quantity of stock is that quantity which may be acquired when the stock on hand has reached the minimum level. It is very difficult to determine the optimum quantity of stock which is somewhere between the maximum and minimum. The purpose of keeping an optimum quantity is to limit the holding cost to the minimum. To determine the optimum quantity of stock the so-called inventory models are applied. The objective of the inventory models is to find equilibrium between the ordering costs, the holding costs, and the stock-out or shortage costs. On the one hand, holding costs can be minimised by a high ordering frequency. On the other hand, the holding of a large stock may prevent shortages. The optimum inventory is designed to (i) minimise the total of ordering and holding costs, and (ii) control the frequency of stock-outs or shortages relative to holding and storing costs. It is possible to determine the optimum quantity of stock by establishing (i) the average turnover of a specific stock item, (ii) the ordering cost of each item, (iii) the holding cost of each item, and (iv) the money value of each item in stock.<sup>205</sup>

### Issuing of stock

Thus far the procurement of stock has been explained. The next aspect to be explained is the issuing of stock to the operational departments. Effective issuing procedures are necessary for control of the use of stock. When stock is needed for use or consumption by operational departments, a written requisition should be issued to the storekeeper. Details of the stock item such as number, volume or mass, as well as the budget vote, against which the cost must be debited, should be stipulated on the requisition form. The cost of an item includes the price paid, the ordering costs as well as the holding

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205 For an explanation of these theories see Gildenhuis J. S. H., *op cit.*, p. 606 *et seq.*

costs. The prices of stock items are always known, but the problem is how the ordering costs and holding costs can be allocated per item. Theoretically, the average ordering cost and the average holding cost per item can be easily computed by way of computer programme models.

When stock is issued to operational departments, a debit note should be issued which the drawer of the stock should sign on behalf of the department. The debit note should contain all the particulars of the stock items, as well as the purchase price plus the inventory cost charges, if these are recovered when issuing stock. The particulars of the issue will then be entered into the inventory records and the costs charged against the budget vote of the relevant department. Where computers are used, the issuing process is simplified. The position of the inventory of each stock item will be indicated at every input of issuing data, while the cost of the issue will be debited simultaneously against the relevant budget vote.

### **Record keeping and control**

It is imperative to keep proper record of all inventory transactions for control purposes. Stock items are usually kept in warehouses or in a safe place within the outside boundaries of the warehouse yard, protected by tight security systems. So-called bin cards should be kept for each stock item on hand. Bin cards, together with an inventory (stock) register, serve as a double reference system, because all stock receipts and issues as well as the stock on hand are recorded on both these records. The bin cards and the inventory register crosscheck the stock transactions and the position of each stock item. For instance, if mistakes appear in the inventory register, they can be easily detected from the data on the bin cards, provided of course that the bin cards are kept strictly up to date with each transaction. The data on the bin cards and those in the inventory register should always correlate. In order to be effective as a double control system, the inventory register should be kept at a central point away from the warehouse. If kept together at the warehouse, the chances of theft, fraud and other irregularities increase. The inventory register contains data on the number/volume/mass of stock items bought and issued, the money values of receipts and issues, as well as the budget votes against which the stock issues must be debited. Where the record keeping of stock is computerised, the task is simplified because all the data are fed into the system from a terminal in the warehouse. The computerised system can be programmed to immediately indicate the position of each stock item automatically with each operation, with an indication of when and how much of a specific item must be ordered. In other words, it can be programmed to indicate the optimum inventory level, the ordering level and the number to be ordered the moment the ordering level is reached.

### **Stocktaking**

Stocktaking at the end of each financial year is an important measure in the inventory control process. A prerequisite for successful stocktaking is proper inventory records. If inventory records have not been kept properly during the year, then proper stocktaking is virtually impossible. Stocktaking should indicate any surpluses and/or deficits of specific items. Surpluses of specific items indicate poor record keeping and such surpluses should be re-entered into the inventory records, otherwise they could

disappear. Deficits can also be attributed to poor record keeping or to theft, damage or evaporation in the case of fuel. Because it is very difficult to ascribe deficits to theft or just to poor record keeping, they should never be easily condoned or written off. Stocktaking also indicates “dead” items; these are items without any demand because of, for instance, technological obsolescence. Such “dead” items should be sold by public auction or by public tender or, if there is no outside demand for such items, they must be destroyed because they take up valuable storage space.

### **MANAGEMENT OF ACCOMMODATION**

Some public administrators may not regard the management of accommodation as important as the management of other resources. Accommodation is just as important a resource as any other resource for government organisations to operate efficiently and effectively. Without accommodation of various kinds, including concomitant furniture, equipment and other paraphernalia, it would be practically impossible to operate at all. Buildings of all kinds are required, from office buildings, parliament buildings, housing for heads of states (presidential residencies) and members of the executive (ministers), post offices, law court buildings, universities, schools colleges, hospitals, prisons, including all the specialised equipment for every government function to be carried out. Equipment may include communication equipment, such as short-wave radio stations, computer centres and telephone systems. The total capital and running cost of accommodation can run into vast sums of taxpayers’ money.

### **Policy choice for providing accommodation**

The policy choice for governments to make in this regard is whether they should build and construct their own buildings or whether they should rent them. To come to a rational conclusion whether to rent or construct their own accommodation governments must compare the relative costs between renting and self-providing. It requires a cost-comparison analysis between the two strategies. The costs for a self-providing strategy includes the capital cost, consisting of the costs of the planning, designing and construction of the building plus the cost for the office furniture and other equipment to completely convert the accommodation in an effective utility for effective and efficient administration of government activities. It also includes the maintenance costs of all fixed property and equipment, including short-term insurance against all kinds of safety and security risks. This must be compared with the cost of renting accommodation from private sector providers, normally at current market prices. Private renting would not include short-term insurance and may even exclude maintenance by the private owner; it all depends on the conditions of the lease agreement.

### **Financing**

If a government decides to provide its own accommodation, the next consideration is the way in which the *capital costs* should be financed; i.e. either by *loan money* or from a *capital fund*, or by revenue from the *state revenue account*. It would also be good policy to create a *renewal fund* to replace the accommodation when it becomes obsolete or for reconstruction. Such a renewal fund can be budgeted for and financed from current revenue on an annual basis. A good basis for calculating the annual

contribution to a renewal fund is to take the equivalent amount to a depreciation factor of the property, say 20% per annum of the original construction cost plus a growth factor to provide for the increase in construction costs.

### **Maintenance and risk management**

Maintenance costs can be high, must be budgeted for and financed from revenue on an annual basis. Maintenance costs include such items as cleaning of and reparations to buildings, furniture and equipment as well as the cost of risk management. Risk management is an assessment of perceived risks for assets, liabilities, operations and an attempt to keep them manageable. Risk management entails *inter alia*:

- financial protection of all fixed and moveable assets against accidental loss;
- anticipating hazards which may give rise to a loss and adoption of preventive measures across all areas of assets, liabilities and operations;
- financial protection for capital costs, alternative accommodation, increased cost of working in the event of an accidental loss;
- protection of personnel and public against accidents and health hazards caused by dangerous and poor accommodation and working conditions;
- active assessment, review and decision to retain or transfer risks to an outside party such as an insurance company.

### **Responsible organisation**

The next aspect to be decided upon is where to put the responsibility for managing accommodation and related equipment. Must it be centralised in one government department or must it be decentralised to each government department? Some people may still remember the old Public Works Departments responsible for the provision and maintenance of all fixed assets of government allocated to the various government departments all over the country. The choice is between one department specialising in the function of providing accommodation and equipment or the decentralisation of the function to every government department managing its own accommodation requirements. The latter choice sounds realistic, because every department should know best what its requirements are that suit its public service functions best. This would mean creating a special staff function section to manage the provision and maintenance of accommodation and equipment. On the other hand one, department such as a Public Works Department can be more effective and efficient because all the expertise required can be brought together and function as a co-ordinated unit to serve all government departments' needs. It is again a matter of effectiveness and efficiency. The question is what would be the best policy choice in terms of effectiveness and efficiency and the costs involved in maintaining one department as against the aggregate costs of all the staff sections of all the government departments operating separately for managing accommodation.

### **Control of government property**

For control purposes a record should be kept of all fixed property and equipment. For this purpose, it should be made compulsory for the relevant government organisations to keep *assets registers* of all buildings and equipment under their control. Assets registers

must contain an accurate description, date of purchase and the original cost of each asset item, less the annual depreciation at a fixed percentage to be decided upon according to the nature of the particular asset. Redundant and obsolete assets, when their value has been written off to zero, must be removed from the assets register and disposed of by public auction, even if they can only be sold as scrap. If asset registers are not kept in a meticulous way moveable property can easily disappear without anybody knowing it. It opens the door for theft and fraud. Such assets register must be kept up to date and must serve as an inventory for auditing purposes. The government auditor should report annually on the state of the property and assets registers to the legislature.

## **SUMMARY**

After mastering the knowledge and skills of the public management functions, the public administrator is ready to manage the resources required for executing the programme to realise the organisation's long-term objectives and short-term targets. The resources to be managed are: finance, personnel, information, stock and equipment and accommodation. No government organisation will be able to realise its objectives and targets without the efficient and effective management of the resources required.

The availability of finance is the most important requirement for any government department to operate. Without money, no personnel can be hired, no information or data can be collected, stored and processed, no accommodation can be acquired, and no stock and equipment (inventory) can be bought. Therefore, the availability of money forms not only the basis of all government activities, but determines also in great measure the successful operation of a government organisation. The legislature is endowed with the legislative authority on public financial matters. Government revenue consists of the total yield per annum of direct and indirect taxes, user charges, consumer tariffs, levies and sundry revenue. Income tax is the traditional source of revenue for most governments. The statutes do not define income, but rather list types of transactions that produce income for tax purposes. Taxable income is usually described in legislation according to a series of defined income tax terms, beginning with gross income reduced by exemptions to create a result called income. When all the statutory deductions and exemptions have been calculated against income, the taxable net income is obtained. It is on this taxable net income that the tax payable is calculated in terms of the statutory tax rate.

From an administrative point of view, the purpose of income tax is to supply enough revenue for financing public services. From a political point of view, the purpose of income tax is the redistribution of wealth. From an economic regulation point of view, it is believed that income tax is the ideal instrument for creating economic stability. The structural ways in which equity in taxation can be secured are abundant. There may also be a multiplicity of views on how reasonableness and fairness can be secured in a tax system. One idea of tax justice or tax fairness that permeates the history of economic thought is equal treatment for taxpayers in equal economic circumstances. A tax distribution that adheres to the equal tax treatment principle provides for what is technically known as horizontal equity in the distribution of the tax burden. An obvious corollary to the principle of equal tax treatment for economic equals is the principle of unequal tax treatment for economic

unequals. This principle is known technically as vertical equity. The ability-to-pay principle states that taxes should be distributed among taxpayers in relation to their financial capacity. The benefit-received principle is an endeavour to apply market principles to determine the “price” of public goods and services.

Personal income tax usually forms the largest portion of the total tax revenue at the central government level, that is, in countries where income tax is the exclusive tax source of the central government. The taxation of companies as corporate institutions is a relatively recent development. Four different corporate tax systems can be identified, namely, the classical system, the imputation system, the two-rate system and the integrated system. These systems determine the tax base of corporate taxation. Taxation on wealth implies a tax on the riches of an individual as represented by his possession of capital assets. From a political viewpoint the proposition is that wealth taxation is aimed at the redistribution of wealth in order eventually to create greater wealth equality between property owners and non-owners. From an economic stabilisation point of view, wealth taxation cannot be regarded as neutral and the redistribution of resources between the private and public sectors does take place. Property taxes are the closest approximation to wealth taxation currently levied in most democracies.

The next revenue source that, under normal circumstances, yields a great deal of revenue for government is consumption taxation. In this regard one must distinguish between consumption expenditure and production expenditure. Consumption taxation is an indirect form of taxation because (i) it does not take the personal circumstances of the taxpayer into account; (ii) it is collected by a third person on behalf of the government, and (iii) in most cases it is invisible to the taxpayer at the stage of payment.

The tax rate is that percentage of the value of the tax base to be paid by the subject (taxpayer) of taxation. One must differentiate between statutory (or nominal) rates and effective rates. The effective rate represents the real percentage of the value of the tax base paid as tax. The tax rate may also be proportional, progressive or regressive depending on the particular tax structure, which is a function of the ruling fiscal policy. The first characteristic of taxation is its compulsory nature. Tax is the general revenue source for financing collective services. The second characteristic of taxation is the absence of a direct *quid pro quo*.

Some services are supplied by government to the public in a direct exchange relationship. The relationship in this regard is one of free contracting between the government as “supplier” of the services and the user or consumer as the “buyer”. The public buys the specific services according to personal taste, need, preference and wealth. The public usually pays a “price” for such services known as user charges and consumer tariffs.

The ultimate authority to allocate funds must undoubtedly rest with the legislature. The instruments for allocating funds are the annual income and expenditure budgets. The government budget has two specific functions: the first function is the apportionment of public money between competing public services; the second function is the allocation or redistribution of wealth amongst individuals and/or groups. A budget, in the ordinary sense of the word, is a financial statement that contains the estimates of revenue and expenditure over a certain period. In

summary it may be stated that a public budget is an instrument at the disposal of the legislative authority, enabling it to guide the economic, social, political and other activities of a community in a certain direction in order to realise predetermined goals and objectives, the results of which are not always quantifiable. The budget proposals give an indication of the problems within a certain public area and the way in which such problems have to be solved. Therefore, the budget is a political or a policy plan, a programme of proposed action, an estimate and a source of information for all concerned. Furthermore, a budget implies control by the legislative authority over the actions of the executive and administrative authorities.

The programme and organisational structure form the basis for determining the personnel structure of the government organisation. It has already been maintained that the last step in the organising process, before it can be put into motion, is the creation of jobs through the process of work and method studies to determine the number of jobs for each hierarchical level. Figure 8 illustrates the last few steps explained under the section on organising *supra* and links the organising function to the personnel management function. It is indeed the process of staffing the organisation.

Ethics represents principles or standards of human conduct, sometimes called morals and by extension the study of such principles is called moral philosophy. Ethics and morality, therefore, belong to the study of the philosophy of public administration. Ethics is the science of morals in human conduct. It is the systematic study of the principles and methods for distinguishing right from wrong and good from bad. One may conclude that ethics determines human action according to moral values converted into generally accepted standards of conduct. Morality is both a basic and a universal facet or dimension of our human existence, especially in the social and political context of government organisations. Government organisations are also subject to moral criticism as they can in fact function unjustly in society. When applying the principles of ethics and morality to the problems of public administration, one must ask what is the condition of the legitimacy or moral acceptability of the government institutions that serve our society and its people. Considering the importance of ethics for public administrators, we must accept that today we live in a complex world where there is always a great deal of uncertainty about basic moral norms and values. One must always remember that public administrators are the “trustees” of the “public good”. The kind of ethical culture that prevails in the public sector depends on what society permits the public administrators to get away with.

Professionalism refers to the qualities or typical features of a profession or of professionals, especially its qualities of competence, skills and ethical conduct. To become a professional and to be professional, one must comply with certain requirements. Professionalism is also characterised by certain features. The tenets of professionalism manifest themselves in the roles of the public administrators, their responsibilities and the values forming the basis of public conduct and activities. It would be unethical for public administrators to usurp the policy-making roles of politicians and for politicians to usurp the administration and management roles of the public administrators. To be professional an appointed public administrator must avoid party-political activity and must always deal with elected political representatives professionally. The elected political representatives (cabinet ministers)



themselves have to have a competent understanding of their roles and the roles of the appointed public administrators and they must not abuse their positions and powers.

The more political influence public administrators have in the policy-making process, the more important it is that the premises of their decisions incorporate community values as a supplement to formal political oversight. Professionalism is based on the notion that the public administrator's authority and responsibility are grounded in community values as well as in formal accountability to the executive and legislature. Professionalism always has hinged on the ability of public administration professionals to apply expertise and knowledge, including the rational and analytical problem-solving orientation of public administrators. As public administrators have become politically visible, legitimacy for their roles has depended upon broadening the authority base of their actions in fundamental values.

What any country needs is a non-partisan, impartial, neutral, efficient, effective and a non-corruptive public service, with professional public servants who are prepared to serve under any ruling party and government, irrespective of its ideological philosophy and policies. To decide on a suitable public service model, all possible models should be analysed. Public service models usually adopt the personal attributes, culture and characteristics of the public servants of such models. Three main types of public servants may be identified, namely (i) the political activists, (ii) the scientific bureaucrats and (iii) the professional public managers. Apart from these types of public servants, a few types of public service systems and models can be identified. The autocratic system is found in countries where the people are divided into classes and where public service posts – in particular the higher-graded jobs – are reserved for the aristocracy or the elite. The democratic system is one where the voters directly elect public officials to office. The spoils system is the practice of making appointments to public office and of giving employment in the public service on the basis of political affiliation or personal relationship rather than on the fitness or merit of the appointees. The merit system lays down appropriate minimum qualifications in the form of knowledge, skills and experience for every public service post. The career system is one where public servants are recruited at the entry level only, usually after passing an entrance examination and with a minimum of a high school graduate qualification or a university or college qualification with a value higher than a high school grade. The open competitive system is one where expert personnel administrators set specific minimum academic and technical qualifications, skills and experience as prerequisites for each post through a system of proper job analysis. Vacancies at all levels are then advertised in the media, calling for suitable candidates to apply for consideration.

Apart from the public service systems, one may identify what can be called public management models. These are the political activist model, the scientific bureaucratic model and the professional public manager model. A professional public manager is an impartial and administratively competent person, politically neutral, politically sensitive and always ready to serve under any government. He is a well-educated and well-qualified public administrator, a person with integrity who maintains high moral standards under any circumstances. Although the professional public manager should be politically neutral, he should never be politically insensitive.

The professional public manager, however, must know where to draw the line of involvement; he must recognise the limits of his sphere of political action.

Executive leadership involves the deliberate development of an environment by the chief executive officer in which the subordinates may be prompted to accomplish their targets efficiently and effectively. Leadership involves leading and motivation. The essential process of motivation involves the influencing of personnel to strive willingly towards accomplishing the organisation's goals, objectives and targets. People who are "motivated" exert a greater effort to perform than those who are "not motivated". Motivation is the willingness to do something and is conditioned by this action's ability to satisfy some need for the individual. To be a successful leader and motivator the public administrator, as professional public manager, must make a study of his subordinates to find a rational way in dealing with them separately and collectively. In most cases group motivation sessions may work. However, there may be some employees who have to be dealt with individually because of their unique personalities.

The science of information management deals with the generation, collection, organisation, storage, retrieval and dissemination of recorded knowledge. Information theory is concerned with the mathematical laws governing the transmission and processing of information. More specifically, information theory deals with the collection, measurement and the representation of information, and the capacity to communicate, transmit and interpret information. There are many ways of collecting information. The most important of these include official national censuses, opinion polls, questionnaires and official returns from wherever the data is generated, such as civil registers, disease and other health statistics, emigration and immigration figures, and sample surveys and interviews. Many official government institutions gather and process critical information needed for policy making and decision making in the public sector.

The science of data processing is called "statistical analysis". Statistics is a branch of mathematics that deals with the collection, organisation and analysis of numerical data and with such problems as experiment design and decision making. Electronic information processing has become increasingly visible and important in economic, social and political life since the development of computers. With computer programmes such as *Microsoft Power Point* it is easy to process any data for policy-making and decision making purposes. The basic requirement is the public administrator's knowledge and skills to draw the right inferences and desired conclusions from the processed data in his policy-formulation and decision making functions.

The purchasing, storing and issuing of stock, that is the management of inventory, is another management operation of which a sound knowledge is needed for effective and efficient overall management. It must always be borne in mind that an inventory of stock represents cash. Only when stock is needed and drawn from the warehouse is cost debited as expenditure against the operational account of the relevant department. In its unapplied state, when kept in a warehouse, stock represents what may be called "dead" capital. Economic and technical obsolescence, disintegration and destruction of stock during storage mean a waste of public money. If the purchase, storage and issuing of stock are not properly controlled, favourable circumstances for theft and corruption are created. Inventory management is not as simple as might appear at first

glance. If this operation is effectively executed, it may contribute to the saving of money for other purposes.

Some public administrators may not regard the management of accommodation as being as important as the management of other resources. Accommodation is just as important a resource as any other resource for government organisations to operate efficiently and effectively. Without accommodation of various kinds including concomitant furniture, equipment and other paraphernalia, it would be practically impossible to operate at all. Buildings of all kinds are required, from office buildings, parliament buildings, housing for heads of states (presidential residencies) and members of the executive (ministers), post offices, law court buildings, universities, schools colleges, hospitals, prisons, including all the specialised equipment for every government function to be carried out. Equipment may include communication equipment, such as short-wave radio stations, computer centres, and telephone systems. The total capital and running cost of accommodation can run into vast sums of taxpayers' money.

## **POSSIBLE EXAMINATION QUESTIONS**

### **A. On financial management:**

1. Write an essay on government revenue (60 minutes)

#### **Points to be discussed:**

- The need for money;
- The government's authority to impose tax and allocate public funds;
- Types of government revenue;
- Tax rates and general characteristics of taxation; and
- The ethics of taxation.

2. Explain the concept of personal income taxation (60 minutes)

#### **Points to be discussed:**

- Defining income:
- Haig-Simons definition;
- The production-flow concept;
- Taxable net income:
- Deductions;
- Exemptions;
- Goals of income taxation;
- Factors determining a person's taxability.

3. Explain the concept of corporate taxation (45 minutes)

#### **Points to be discussed:**

- History of corporate income tax;
- The tax base of corporate income tax ;
- Classical system;
- Imputation system;
- Two-rate system;
- Integrated system.

4. Explain wealth taxation (30 minutes)

**Points to be discussed:**

- Goals of wealth taxation;
- Property tax;
- The classification of property.

5. Explain consumption taxation (20 minutes)

**Points to be explained:**

- Consumption expenditure;
- Production expenditure;
- Uniformity standards;
- Objects of taxation;
- Incidence of consumption taxation.

6. Explain the difference between user charges and consumer tariffs (15 minutes)

**Points to be discussed:**

- Direct exchange relationship;
- Absence of compulsion;
- The benefit received principle;
- Direct quid pro quo;
- Established according to cost of goods and services;
- Consumer tariffs for particular services;
- User charges for quasi-collective services.

7. Explain government expenditure and government budgets (60 minutes)

**Points to be discussed:**

- Authority to allocate funds;
- Problem of the redistribution of wealth;
- The budget process and normative budget theory;
- Features of the budget;
- Functions of the public budget:
- The budget as a policy statement;
- Redistribution of wealth function;
- Economic regulation function;
- The budget as an operating programme;
- The budget as a source of information;
- The budget as an integrating and co-ordinating document;
- The budget as a control instrument.

**B. On personnel management:**

8. Explain the meaning of equal employment opportunity and its interconnections with affirmative action (30 minutes)

**Points to be discussed:**

- Equal employment opportunity;
- Affirmative action;
- Requirements of an affirmative action programme;

- The five major principles of affirmative action;
  - The two competing equity values of affirmative action.
9. Explain the meaning and importance of ethics in public administration (45 minutes)

**Points to be discussed:**

- The meaning of ethics;
  - Metaethics;
  - Normative ethics;
  - Religious ethics;
  - Social ethics;
  - Personal ethics;
  - Professional ethics;
  - What ethics is not about?
  - The importance of ethics to public administrators.
10. Explain professionalism, its requirements, characteristics, and tenets (45 minutes)

**Points to be discussed:**

- Requirements;
- Characteristics;
- Tenets of professionalism;
- Roles of public administrators;
- Role of politics in administration;
- Responsibility of public administrators;
- The value base of public administration;
- Professional administration and efficiency.

11. Explain the various public service systems and public management models (45 minutes)

**Points to be discussed:**

- Criteria for an acceptable public service;
- Alternative systems:
- Autocratic system;
- Democratic system;
- Spoils system;
- Merit system;
- Closed career system;
- Open competitive system;
- Alternative public management models:
- Political activist model;
- Scientific bureaucratic model;
- Professional public manager model.

12. Explain the theories of leading and motivating personnel (45 minutes)

**Points to be discussed:**

- The interaction between the chief executive officer and his subordinates;
- Motivation;

- Goal achievement;
- Maslow's needs hierarchy theory;
- McGregor's Theory X and Theory Y;
- McClelland's achievement, affiliations, and power motives;
- Herzberg's motivation hygiene theory;
- Vroom's expectancy theory;
- Rational motivation.

### **C. On information management**

13. Discuss the need for and type of information needed for policy and decisionmaking in public administration (45 minutes)

#### **Points to be discussed:**

- The need for social information;
- The need for political information;
- The need for economic information;
- The need for safety and security information.

14. Explain briefly the ways in which information can be collected processed and interpreted. (30 minutes)

#### **Points to be discussed:**

- Censuses;
- Opinion polls;
- Questionnaires and interviews;
- Periodical returns;
- Statistical methods;
- Electronic information processing.

### **D. On inventory management**

15. Explain the aspects that may hamper the effective and efficient procurement of stock. (15 minutes)

#### **Points to be discussed:**

- Factors hampering procurement procedures.
- Disappointed tenderers doubt correctness of tender procedures.
- High standards of efficiency & effectiveness required in public sector.
- Diffusion of purchasing throughout government organisations with variety of requirements.

16. Compare the advantages and disadvantages of centralised against decentralised purchasing of stock. (20 minutes)

#### **Points to be discussed:**

- Advantage of lower prices;
- Keen interest and competition among suppliers;
- Bulk purchasing = lower average purchasing cost;
- Expert (specialist ) buyers can be afforded;
- Variety of offers = variety of choices;

- Standardisation of stock possible;
- Centralised or decentralised warehouses;
- Joint purchasing;
- Between two or more regional or local governments = advantages of centralised purchasing.

17. Explain tenders and the process of calling and awarding of tenders (20 minutes)

**Points to be discussed:**

- Calling for tenders and contracting;
- Opening and awarding of tenders.

18. Explain how the handling of stock is controlled (35 minutes)

**Points to be discussed:**

- Acquisition and storage of stock;
- Issuing of stock;
- Record keeping and control;
- Stocktaking.

**E. On management of accommodation**

19. Write an essay on the management of accommodation (25 minutes)

**Points to be discussed:**

- Define accommodation;
- Policy choice of providing accommodation;
- Financing accommodation;
- Maintenance and managing risk;
- Responsible organisation;
- Assets registers as control instruments.

# CHAPTER SEVEN

## GOVERNMENT FUNCTIONS

### STUDY GOAL

The purpose of studying this chapter is for the student to understand the nature and types of government functions for ultimately realising government's goals and objectives.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

- Stahl's "inconvenience" with the "vertical programme subdivisions" of government activities and "horizontal supporting activities".
- The nature and purpose of government's line and staff functions and the difference between the two types.

### INTRODUCTION

Now that we understand the way in which public resources should be managed for the purpose of satisfying the public's needs within a common framework of public values, we must also understand the functions to be executed by the various government departments for the delivering of public services to realise, in the end, the government's goals and objectives. Of course, the government's goals and objectives aim at satisfying the individual's needs and values.

Because of technological development and ideological changes, government functions and services have undoubtedly changed and increased dramatically over the past decades. The experimentation with different kinds of ideologies over time has made the situation very fluid, with the result that government functions and related services may differ from country to country depending on the ruling party's ideological concept of what government should do. The result is that today one finds what can be categorised as order and protection functions, social welfare functions and economic welfare functions. In capitalist countries where the laissez-faire ideology is dominant, governments will concentrate mainly on protecting the individual's person and property. In social welfare states governments, in addition, will also concentrate on increasing the social welfare of the poor and the indigent. In economic welfare states they will concentrate more on the economic welfare of the individual. In an economic welfare state the idea is to help people to help themselves so that they can look after their own social welfare without government handouts. In the case of economic welfare states one may expect that personal social welfare services will be attended to only in extreme cases of need, because the policy would be that the individual should see to his own social welfare according to his own economic abilities. In socialist (communist) states government executes all social and economic functions, because there is no private sector worth mentioning in such countries.



The difference between *line* functions and *staff* functions will be explained and illustrated by some examples. It must, however, be noted that it would be impossible within the scope of this work to identify and classify all possible public services. It is accepted that there may be differences of opinion amongst experts on the taxonomy of public functions and services presented here, but this is not critical. The point is that taxonomy provides the first step for the scientific study of a subject. The taxonomy of a subject demands the identifying of the common characteristics of the parts of the subject matter. The common characteristic terms used in this chapter are *line function* and *staff function*.

### **The nature of government functions<sup>206</sup>**

In order to satisfy the public's needs, government functions are usually classified as line functions and staff functions. On this classification Stahl commented as follows:

*"I find it inconvenient to think of the work of an enterprise as a network, a grid, or a checkerboard in which vertical program subdivisions are interlaced with horizontal supporting activities. The chief executive officer sits in a position at the top corner from which he holds both the vertical and the horizontal lines. They are all lines; for controls are exercised in both directions at once."*<sup>207</sup>

In spite of Stahl's sense of "inconvenience", the fact remains that the terms used to describe these "vertical programme subdivisions" and "horizontal supporting activities" are "line functions" and "staff functions" respectively. In classical organisation theory, line functions are regarded as the commanding functions and the staff functions as the auxiliary or supporting functions sometimes referred to as corporate functions. The term "line function" originated in the military sphere where it refers to the function of commanders directing battlefield operations: in other words, those functions comprising the substantive battlefield activities directly aimed at the target. The classical distinction is that line functions command and staff functions support and advise.<sup>208</sup>

In the real world of public administration, no dogmatic separation of the two types of functions is possible, because the staff-function officials must also command, control and exert authority. It can also not be stated without qualification that staff functions always and only complement and support line functions. Within a single staff-function department, such as a department of finance, one can identify staff functions as well as line functions. In a broader perspective, the line function of a finance department can be regarded as rendering financial services to the other line-function departments in the government organisation. At the same time the finance department itself needs advisory and supporting services for its own financing, as well as staff-function services such as personnel services, office and secretarial services, legal advisory services, organisation

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206 Gildenhuis J. S. H. & A. Knipe, 2000, *The Organisation of Government: An Introduction*, Pretoria, Van Schaik Publishers, p. 48 *et seq.*; see also Gildenhuis J.S.H., 1997, *Public Financial Management*, Pretoria, Van Schaik, p. 22 *et seq.*

207 Stahl O. G., 1958, 'The Network of Authority', *Public Administration Review*, Volume 18 No 1, pp. iii – iv.

208 Nigro F. A. & L. G. Nigro, 1980, *Modern Public Administration*, New York, Harper & Row, p. 152.

and work-study services and resource supply services. Finance departments normally exert control over the financial administration of all other departments, issue orders and prescribe financial procedures to be followed by them. An absolute and dogmatic division between line functions and staff functions in the real world of organisational activities is therefore a myth. Stahl's analogy of a network of government functions of "vertical program subdivisions" and "horizontal supporting activities" may be regarded as realistic, because both line and staff functions are necessary and the one cannot be executed without the support of the other.

However, in a macro context it is correct to distinguish between line and staff functions and between line departments and staff departments. For understanding the functioning of government, it is imperative to distinguish between the two concepts. Line functions are those government activities substantially and directly contributing to the attainment of government goals in the process of realising the government's broad goal of satisfying the needs of the citizens of the country. Line functions are therefore concerned with delivering public services directly to the public. Staff functions complement the line functions in the sense that they contribute indirectly, and through the line functions, towards the attainment of a government's goals and objectives.<sup>209</sup>

### **Types of government functions**

It is necessary to explain the nature of line and staff functions according to each type usually found in modern government administration.

#### ***Line functions***

As explained, line functions can be categorised as order and protection functions, social welfare functions and economic welfare functions, the nature of which will now be explained.

#### ***Order and protection functions***

To attain order and protection goals and objectives, and to maintain law and order within their jurisdictions, governments have to execute a variety of defined functions. The following are some examples of such order and protection functions:

- the foreign affairs function for developing diplomatic ties and contacts with foreign countries to secure the external political and economic security of the state;
- the internal affairs function to maintain internal political order by controlling citizenship by population registration, voter registration, conducting of elections and the control of immigration and emigration;
- the military defence function to defend a state against foreign aggression and other external or internal forces such as revolution and terrorism;
- the police function for the protection of the life of the individual against threats of malicious bodily harm and injuries, and for the protection of the individual's private property against malicious damage and theft by others;

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209 *Op cit.*, p. 154.

- the administration of justice function for protecting the individual's personal rights, the maintaining of the juridical order, both criminal and civil, as well as maintaining the juridical order (the rule of law) between a state and its citizens;
- the imprisonment function for the withdrawal of criminals from society and for the punishment and rehabilitation of prisoners in order to protect other individuals and their property against such criminals;
- the state security function (national intelligence services) to secure the safety of the state and that of its citizens against internal insurgence or being undermined in any other way;
- the civil defence function to render protection services to the public in case of natural and other disasters;
- the traffic police function to secure road safety for all road users.

### *Social welfare functions*

To enhance the personal social welfare<sup>210</sup> of an individual and to maintain it above a certain minimum level, governments execute so-called social welfare functions. The nature and scope of these social welfare functions depend on how socialistically inclined the policy of a government is. The following are some examples of social welfare functions:

- the health functions to secure good health for the individual through environmental health services such as sanitary services; street cleaning; removal of the carcasses of dead animals; control of rodents to prevent the outbreak of plagues and pestilence; inspections of industrial, trade and residential premises in order to detect health hazards, and dangers such as water, air and ground pollution; food inspections to secure its safety for human consumption; and slum and building control from the viewpoint of health. Health functions also include the executing of personal health functions such as the prevention and combating of infectious diseases; the curative health functions; hospitalisation; and control of medicines;
- the social security function for guaranteeing social care in terms of government pensions for the indigent aged; cash welfare support to the poor and needy, and to the physically and mentally disabled; the housing of and caring for the indigent and underprivileged aged; unemployment insurance; and job creation schemes for the unemployed amongst the less developed and underprivileged classes of the community;
- the education and training function to develop the individual into a thinking, sensible, sentient, literate and technically skilled person, consisting of pre-primary, primary, secondary and tertiary education functions in schools, technical institutes, technical colleges, technikons and universities;
- the housing function for supplying housing to the poor and underprivileged homeless;

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210 The term 'personal social welfare' in this regard refers to the physical health as well as the incorporate element within a human being, which makes him a sensual, sentient and volitional person.

- the sports and recreation functions aimed at the advancement of sports and recreation, and the creation, supply and development of sports and recreation facilities for both active and passive recreation;
- the cultural functions for the development of, for example, the visual (plastic) and performing arts by providing art galleries, libraries, city and state theatres; the maintenance of symphony orchestras and such like;
- the human sciences research function for research on social questions, tendencies and problems in order to identify suitable solutions.

### *Economic welfare functions*

Economic welfare functions are aimed at the development of the economic and material welfare and prosperity of the individual. What the scope and nature of these functions will be once again depends on the policy and prevailing ideological views of the government in power. The more socialist the policy, the more the government will intervene in the economic activities of the individual. In such a case the government will even enter the domain of the private sector to undertake, directly or indirectly through government corporations, industrial and trade ventures. In cases where the government has adopted the free-enterprise market system as economic policy, the government will at the most execute a regulatory and stimulating function in order to eliminate the constraints and flaws of the free market. Governments usually undertake the following economic functions, amongst others:

- regulation of the economy to secure economic market stability. Economic stability may be created by the following measures: *first*, by establishing a stable balance of payments by way of direct or indirect import and export control measures; *second*, by monetary control consisting of regulating and controlling interest rates and exchange rates, as well as by regulating and controlling foreign loans and inflow and outflow of money to and from countries abroad; *third*, fiscal policy measures such as raising taxes in order, *inter alia*, to secure a larger measure of redistribution and a more equal diffusion of wealth, the reduction or expansion of government spending to counteract and temper cyclical fluctuations in the economy, and regulating the income and expenditure of regional and local governments;
- stimulating economic development in order to create more general welfare and prosperity for each individual to share in, according to his own contribution. Economic development may be stimulated by the following measures: *first*, by economic development planning to secure an increase in the gross domestic product; *second*, by lending a helping hand to new entrepreneurs for purposeful industrial and commercial development; *third*, by stimulating export production as well as import replacement production by way of cash and tax incentives to industrialists; *fourth*, by protecting domestic industries against foreign competition by way of charging import duty and other surcharges on imports, or a complete embargo on some imports; and *fifth*, the creation of work opportunities by way of encouraging the establishment of industries in depressed areas, through measures such as cash and tax incentives to new entrepreneurs;

- maintaining economic order to secure economic welfare and prosperity, as well as equal opportunities for each individual to participate in the country's economic activities, which means maintaining the economic order amongst the economic subjects of the state. Governments seek to maintain the economic order by way of: *first*, securing competition in the economy; *second*, awarding economic rights, such as industrial, trade, mineral and land property rights, as well as the registration of such rights; *third*, licensing on prescribed conditions of some economic activities and professions; *fourth*, awarding operational rights by permits and concessions; *fifth*, regulating minimum employment conditions for employees, and many more;
- providing and maintaining the economic infrastructure in support of the private sector. Although the provision of much of the economic infrastructure can be privatised, it has become traditional, because of experiments over the years with different ideological concepts, for some governments to take the responsibility upon themselves for providing economic infrastructure services such as: public transport; postal services; telecommunication services; electricity, gas, water and sewerage systems; fresh produce markets; abattoirs; the marketing of agricultural products through marketing boards; and roads, streets, airports, seaports and railways;
- establishing and operating public industrial corporations where the private sector for some reason neglects to do so, and where the specific industrial activity is of strategic importance to the country's economic development;
- undertaking and financing of economic, industrial and other scientific research in support of economic and industrial development.

Please note that the above-mentioned list of line functions is by no means complete. For the purposes of this work, it is accepted that governments do manage some, or even all, of these functions to satisfy the needs of the public.

### ***Staff functions***

Staff functions are the supporting functions contributing indirectly, and through their support of the line functions, to satisfy the needs of the public. Typical staff functions are the financial function, personnel function, office and secretarial function, legal advisory function, organisation and work-study function, procurement function, and accounting and auditing function. These staff functions are indeed supporting services rendered to the line-function departments.

### ***Financial function***

Each line-function department must be supplied with money to pay for the cost of its activities. Taxes must be collected and loan money must be raised to finance the operational and capital cost of the line-function departments. Each government, on all levels, usually has a department of finance and financial officers who render the financial services to the line-function departments.

### *Personnel function*

Line-function departments also need the support of personnel services. They depend on the personnel department (institution) for supplying personnel through activities such as job analysis, human resource planning, recruiting, in-service training and personnel development, and collective bargaining. Most governments have central personnel offices or institutes to render these services. Some have decentralised this function to the departments.

### *Office and secretarial function*

Line-function departments are also very dependent upon clerical services such as archive services for the registration and filing of correspondence (incoming and outgoing) and of other documentation; secretarial services for compiling agendas and organising meetings and the keeping of minutes of meetings; general record-keeping and the collection and storing of all kinds of data in computerised data banks for future reference; and many other types of office and secretarial services.

### *Legal advisory function*

All government departments operate within a legal framework. They are all instituted in terms of statute law and are controlled by constitutional and administrative law. Some even operate within common law principles in that they frequently enter into contracts with other parties. Public authorities are also frequently involved in lawsuits. It is therefore quite evident that they depend heavily on legal advisory services from well-trained and skilled lawyers. Most governments have an Office of the State Attorney for rendering such legal services, while local governments, apart from their own employees, make use of private law firms to advise them on all kinds of legal matters.

### *Organisation and work-study function*

All government organisations are living organisms consisting of people. The environment in which they operate changes continually; so do the demands for and nature of their functions. They are therefore in a situation of constant flux. This means that their organisational structures must be adapted on a continuous basis to comply with the changing demands. For this purpose, line-function departments must be supported by organisational and work-study services for constantly reviewing their hierarchical structures and personnel components, working procedures and working methods, communication methods, and co-ordination strategies.

### *Procurement function*

Government organisations require not only money and personnel; they also need accommodation, furniture and all sorts of equipment, machinery and consumable stocks for executing their line functions. They therefore need procurement services to support them in their demand for these physical resources.

### *Accounting and auditing function*

No line-function department can operate properly without a financial record system – a system of keeping records of all financial transactions by way of bookkeeping.

These records are not only necessary for the proper operation of the line-function activities, but also for the purpose of rendering an account and for auditing purposes, both necessary for proper management and control.

## **SUMMARY**

Because of technological development and ideological changes, government functions and services have undoubtedly changed and increased dramatically over the past decades. The experimentation with different kinds of ideologies over time has made the situation very fluid, with the result that government functions and related services may differ from country to country, depending on the ruling party's ideological concept of what government should do. The result is that today one finds what can be categorised as order and protection functions, social welfare functions and economic welfare functions. In capitalist countries where the laissez-faire ideology is dominant, governments will concentrate mainly on protecting the individual's person and property. In social welfare states governments, in addition, will also concentrate on increasing the social welfare of the poor and the indigent. In economic welfare states they will concentrate more on the economic welfare of the individual. In an economic welfare state the idea is to help people to help themselves so that they can look after their own social welfare without government handouts. In the case of economic welfare states one may expect that personal social welfare services will be attended to only in extreme cases of need, because the policy would be that the individual should see to his own social welfare according to his own economic abilities. In socialist (communist) states government executes all social and economic functions, because there is no private sector worth mentioning in such countries.

For satisfying the public's needs, government functions are usually classified as line functions and staff functions. In the real world of public administration no dogmatic separation of the two functions is possible, because the staff-function officials must also command, control and exert authority. It can also not be stated without qualification that staff functions always and only complement and support line functions. Within a single staff-function department, such as a department of finance, one can identify staff functions as well as line functions. In a broader perspective the line function of a finance department can be regarded as rendering financial services to the other line-function departments in the government organisation. Line functions can be categorised as order and protection functions, social welfare functions and economic welfare functions.

To attain order and protection goals and objectives, and to maintain law and order within their jurisdictions, governments have to execute a variety of defined functions. To enhance the personal social welfare of an individual and to maintain it above a certain minimum level, governments execute so-called social welfare functions. The nature and scope of these social welfare functions depend on how socialistic the policy of a government is. Economic welfare functions aim at the development of the economic and material welfare and prosperity of the individual. What the scope and nature of these functions will be once again depends on the policy and prevailing ideological views of the government in power. The more socialist the policy, the more the government will intervene in the economic activities of the individual. In such a

case the government will even enter the domain of the private sector to undertake, directly or indirectly through government corporations, industrial and trade ventures. In cases where the government has adopted the free-enterprise market system as economic policy, the government will at the most execute a regulatory and stimulating function in order to eliminate the constraints and flaws of the free market.

Staff functions are the supporting functions contributing indirectly, and through their support of the line functions, to satisfy the needs of the public. Typical staff functions are the financial function, personnel function, office and secretarial function, legal advisory function, organisation and work-study function, resource supply function, and accounting and auditing function. These staff functions are indeed supporting services rendered to the line-function departments.

### **POSSIBLE EXAMINATION QUESTIONS**

1. Discuss the nature and purpose of government functions in relation to Stahl's "inconvenience" with its classification into two types (25 minutes)
2. Explain the two main types of government functions (45 minutes)

#### **Points to be discussed:**

- Line functions:
- Order and protection functions;
- Social welfare functions;
- Economic welfare functions;
- Staff functions:
- Financial function;
- Personnel function;
- Office and secretarial function;
- Legal advisory function;
- Organisation and work-study function;
- Procurement function;
- Accounting and auditing function.



# CHAPTER EIGHT

## PUBLIC SERVICES

### STUDY GOAL

The purpose of studying this chapter is for the student to understand the types and nature of government services as well as the debate over privatisation and nationalisation of public services.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

- The nature of the three types of government services;
- The debate over nationalisation and privatisation of public services.

### INTRODUCTION

In order to execute their order and protection, social welfare and economic welfare functions, governments are bound to supply and render a variety of public goods and services with the aim of serving the public's needs. Some governments render the following line-function services, namely order and protection services, social welfare services and economic welfare services. These line-function services are usually supported by the following auxiliary services (staff services or corporate services), namely financial services, personnel services, office and secretarial services, legal advice services, organisation and work-study services and resource supply services.

### Nature of public services<sup>211</sup>

To execute their functions in order to realise their goals and objectives, governments (at all levels) are bound to supply and deliver public goods and services to their communities. For the managing of their order and protection, social welfare and economic welfare functions, governments supply services that may be categorised as order and protection services, social welfare services and economic welfare services. These services are all line-function services supported by the staff functions. As already explained, this classification of line and staff functions is very useful for organisational purposes and should indeed form the basis for establishing and organising government institutions.

The questions to be answered in deciding on a classification of public services for organisational purposes are the following:

- Which services do governments usually render?
- Why does the public prefer to receive certain services from government?
- What are the differences between public services and private services?

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211 Gildenhuis J. S. H., 1997, *Public Financial Management*, Pretoria, J L Van Schaik, p. 30. See also Gildenhuis J. S. H. & Knipe A., *The Organisation of Government: An introduction*, Pretoria, Van Schaik Publishers, p. 207 *et seq.*

The answers to these questions are:

- Those services that, due to their collective nature, cannot be delivered by the private sector;
- Those services necessary for the realisation and attainment of a government's goals and objectives, and which the private sector, for some reason, fails to deliver;
- Those services which can be delivered more cheaply and more advantageously by collective effort than by individual effort.

The difference between public sector services and private sector services is determined by the collective or particular nature of these services. Collective services will be classified, under normal circumstances, as public sector services and particular services as private sector business. This difference in classification does not prevent governments from supplying particular services to the public; it all depends on what the prevailing ideology of the ruling party is. If a democratic free-enterprise ideology is accepted for the development of the social and economic welfare of all individuals, the incumbent authority may not be inclined to deliver particular services, but rather leave it to the private sector to supply them.

### **Collective services**

The nature of collective services can be explained in terms of the following characteristics:

- collective services are non-apportionable. This means that collective services cannot be divided into consumption units and cannot therefore be supplied per unit according to a market demand and sold at a price per unit determined by the interaction of supply and demand in the market place;
- a second characteristic of collective services is their non-exclusiveness. This means that members of the public cannot, under normal circumstances, be excluded from utilising such services, irrespective of whether they are paying for them or not;
- a third characteristic of collective services is their inexhaustibility. This means that collective services cannot be exhausted or do not become depleted in the process of utilisation. As long as they are maintained, they remain available to the public;
- collective services can be financed by taxation only, because a price per unit cannot be charged. This fact provides the fourth characteristic; namely, that taxpayers receive no direct *quid pro quo* for their tax payments. This means that taxpayers do not receive commensurate values in return for the value of the tax they pay. The absence of a direct *quid pro quo* results from the fact that the tax systems of public authorities operate separately from the rendering of collective services. Some taxpayers pay more tax than others, but all theoretically have the same (and equal) access to collective services;
- the fifth characteristic is the monopolistic nature of collective services. Governments usually maintain monopolies on such services, which means that no competition exists, except, and to a certain extent only, in case of competition

between regional and/or local governments within a single state, such as between local and metropolitan authorities.<sup>212</sup>

### **Particular services**

Particular services are quite the opposite of collective services. Their characteristics are the reverse of those for collective services:

- particular services are apportionable. This means that their utilisation can be apportioned according to a quantifiable consumption unit and for which a price per unit consumed can be determined, according to the cost of its supply;
- particular services are exclusive. This means that non-payers can be excluded from utilising them. Good examples in this case are telephone, electricity and water supply services, the supply of which can be cut off in case of non-payment of accounts by consumers;
- particular services are exhaustible. This means that they disappear in the process of consumption and must be replenished on a continuous basis;
- particular services are usually financed by consumer tariffs. Consumer tariffs represent a price per unit consumed, which means that consumers of particular services do receive a direct *quid pro quo*. In other words, for each monetary unit paid, the consumer receives a commensurate value in terms of service units. In the case of particular services, the financing system does not operate separately from the rendering of the service;
- unless a government monopolises a particular service by way of legislation, there is no monopoly for rendering it. This means that any entrepreneur may supply such services in competition with public authorities. This situation can only prevail in a free market system. The normal situation is that governments monopolise particular services by way of legislation, thereby converting them into public monopolies.

While collective services are typical public sector services, particular services are typical private sector business which are supplied by public authorities because the private sector for some reason neglects to deliver them, or because of the benefits of economies of scale obtained through collective action by a group of consumers. Economies of scale obtained through collective action are the primary reason for the creation of single-purpose or general-purpose public authorities for supplying particular services.

### **Quasi-collective services**

Quasi-collective services are public services characteristic of both collective and particular services. They could also be referred to as “subsidized particular services” because the consumers or users, for various reasons, are subsidised in whole or in part through tax income. Some exponents refer to such services as “merit goods and services”, which, for humanitarian reasons, have to be supplied by public authorities on a subsidised basis to the poor. Another reason why quasi-collective services are rendered by public authorities is the positive externalities generated to the advantage of the whole community. Some particular services may also generate negative

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212 Mikesell, J. L. 1986, *Fiscal Administration: analysis and application*, Homewood, IL, Dorsey, pp. 2-6.

externalities to the detriment of the community and should therefore either be regulated or delivered by a public authority. The following are examples of quasi-collective services:

- fire protection services which are a typical particular service but with spill-over effects. If a fire breaks out on a particular property, the adjacent properties are threatened, but if such a fire is contained and extinguished in time, such adjacent properties are actually being protected from fire too. There is, therefore, a positive spillover for the community in having a fire brigade ready to protect their properties. If there are no fire protection services, the community faces negative spillover only. Because the cost of maintaining a fire brigade is very high, it stands to reason that a single property owner whose property catches fire cannot afford such services if he has to pay the full cost involved. In such a case, it may be cheaper to let his property burn down instead. Fire protection services can also be classified as quasi-collective because of the benefits of economies of scale obtained through joint community action;
- education, which is a particular service and which may just as well be supplied by the private sector, is regarded as a merit service with positive spill-over for the community at large. The first argument in favour of this is based on humanitarian grounds, namely that it is only fair to allow every child, whose parents cannot afford to pay for his education, an equal opportunity to be properly educated and prepared for a career. The second argument is because it is to the advantage (socially and economically) of the community at large that each and everyone should reach the highest possible level of education, literacy, skill and intellectual development. On the other hand, it could be to the detriment of a community if the larger part of such a community is illiterate and intellectually underdeveloped, because the illiterate and underdeveloped may become a real economic burden and may generate negative social spillover for the community;
- preventive health services are a third example of a particular service which is rendered to individuals and for which a price per unit can be determined, but which may, because of the positive and negative spillover, be regarded as quasi-collective services. Preventive health services are supplied to individuals to protect them against contagious and other diseases. This protection prevents the outbreak of epidemics threatening the health and lives of all people. If the preventive health services are not delivered, an outbreak of a dangerous epidemic may occur, killing vast numbers of people and therefore generating a negative spillover for the community.

In conclusion, one can therefore state that for any service to qualify as a public service such service should comply with the following requirements:

- it must be non-apportionable;
- it must be non-exclusive;
- it must be inexhaustible;
- or if it is not a collective service but a particular service, it should generate benefits obtained from economies of scale through joint action;

- alternatively, it must qualify as merit goods or services with either positive or negative spillover.

Where it is necessary for the government to deliver such services in order to realise some of its goals in cases where the private sector neglects to render them, they become public services. The mere fact that a service is rendered by a public authority does not convert such a service into a collective service. It must comply with the requirements of non-apportionability, non-exclusiveness and inexhaustibility. Some public services may possess only one of these characteristics.

The way in which a public service is financed can convert it either into a collective service or into a particular service: for example, streets and roads. If streets and roads are financed from municipal property tax and/or income tax, they immediately become collective services, but if they are financed from toll money, motor licensing fees and motor fuel taxation, they become particular services. In the first instance, they are non-apportionable, non-exclusive and inexhaustible, while in the second case the use of the roads is indirectly apportioned and exclusive.

### **NATIONALISATION VERSUS PRIVATISATION<sup>213</sup>**

Government must decide whether it is going to deliver specific services to the public or leave it to the private sector to satisfy the demand. This brings the controversy between nationalising and privatising the delivery of goods and services to the public. Nationalisation of private enterprises and the privatisation of parastatals cannot be ignored in this study of public services. One of the most radical strategies carried out by socialist governments is the nationalisation of industries, thereby establishing control over economic resources. The strategy of nationalisation and government control of strategic industries and economic resources has not reduced the exploitation of economic minorities; it has merely meant that the government, rather than private industry, was seen as the exploiter. Today states can be classified in terms of the economic ideology that prevails and which indicates the extent of government involvement in the economy. At one end of the continuum, socialist states nurture the idea of government control of the economy and nationalisation of private enterprises, while at the other extreme capitalist states favour the idea of minimum involvement and privatisation of state-controlled enterprises.

### **Nationalisation**

There are many arguments for and against nationalisation of private enterprises. However, one should distinguish between the nationalisation of existing private enterprises and the creation of parastatals for rendering defined services that have yet not been undertaken by the private sector. The nationalisation of existing private enterprises can be regarded, on the one hand, as a socialising action based on socialist ideology. On the other hand, a private enterprise can be nationalised in order to secure its continuous existence, especially where the functional activities of such an

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213 Gildenhuys, 1997, *Public Financial Management*, Pretoria, Van Schaik, p. 35 *et seq.*

enterprise are necessary for maintaining economic prosperity. It is, however, also important to understand the pragmatic, non-ideological arguments for and against nationalising existing private enterprises and converting them into parastatals.

### ***Arguments in favour of nationalisation***

#### ***Monopoly control***

The argument for control of monopolies is the main argument in favour of nationalising private enterprises. The argument also includes the idea that a government should create a public monopoly, managed as a public utility enterprise, to deliver public goods or services that tend to be monopolistic in nature. The purpose is twofold: first, to prevent the exploitation of users and consumers by private monopolies and, second, to enhance the so-called general welfare of the community. Private monopolies develop under favourable trading circumstances. Naturally, private entrepreneurs would desire a monopolistic situation in the market, but similarly the public usually vehemently opposes the idea of a monopoly in general. Monopolies are usually desired by those reaping the benefits from them, but rejected by those who are exploited in the process. The popular image of a monopoly is one of exploitation of the consumer through exceptionally high prices and excessive profits as well as the reckless pursuit of economic power. Therefore, it is quite natural that the public should reject monopolies as something evil, especially those created by government as well as those private monopolies that originate from government protection.

It remains indisputable that a monopolist possesses an undesirable amount of power over consumers or users of his goods or services. When the monopoly relates to goods or services essential for a balanced operation of the economic market, in order to develop the economic prosperity and social welfare of the individual, it would be reasonable to expect the monopolist to utilise his monopolistic economic power in a responsible manner. This means that he should utilise his power with regard to the personal interest of those people dependent upon his products or services for their well-being. The danger always exists of the monopolist discontinuing essential goods and services. A monopolist could also negatively influence a country's economy through his decision making and capital investment. In extreme cases he could match and challenge the power of government. There are, therefore, good reasons why monopolistic power over the supplying of essential services should be prevented. The pragmatic argument in this regard is that, if this is not possible within the ambit of the free-market system, the supply of essential goods and services should be placed under the authority of a parastatal, with strong government control.

#### ***Economic planning and development***

Economists have struggled for many years with the problem of economic instability and how to obtain and maintain economic equilibrium. It was only after the appearance of the theories of John Maynard Keynes that economists attracted the attention of politicians and that governments politicised their countries' economies. The need for a stable economy and the stimulation of economic development suddenly became important aspects of government policy. After the Great Depression of the late

'twenties and early 'thirties, the need for anti-cyclical economic measures became a prominent feature of government policy, as well as the need for government intervention in private sector activities for the sake of economic development. The argument is that, for the sake of effective planning and development of a country's economy, it is imperative that the government obtains control over all resources. The best control for planning and development goes hand in hand with the ownership of the production factors. Public ownership is necessary for the viability of parastatals concerned with planning and development. This is of course a typically ideological argument with a bias in favour of socialism.

### *Power and influence*

The argument here is that both monopoly and planning justify nationalisation, because of its power over and control of the production factors. However, power emanating from the successful management of an enterprise and the influence that arises from the control of production factors may develop outside a monopolistic situation. It is not simply the crude argument that money carries influence, both psychologically and traditionally, so much as the fact that those who control it are likely to have the ear of the government, which determines policy. Just as the government can, according to this argument, better control investment and therefore the level and direction of employment of production factors in the industries which it owns, it also follows that those who own large-scale enterprises can have a considerable influence over investment and, therefore, also over the employment of production factors in the way they choose to act. Another way in which power and influence could be concentrated in one large private enterprise would be when such an enterprise commands specific knowledge and skills that the government, which is supposed to control such enterprises, does not possess. The controlling authorities are therefore rendered powerless. Outside the normal monopolistic situation, power and influence can also be obtained through the vertical integration of the production process. This can be obtained where one large conglomerate of affiliated enterprises controls all the phases of production: right from the exploitation of the natural resources up to the production and marketing of the final consumer product. The argument is that this concentration of power and influence can be very detrimental to the community; therefore these large and powerful private enterprises should be nationalised. The public always fears the concentration of power in the hands of a few large industrial and trade enterprises. The objection to doctrinal industrial power and influence is usually inspired by socialist ideology; it is a classical anti-oligarchic argument.

### *Defence and military strategy*

The fact that a certain type of industry is of strategic importance for a successful war effort is given as another reason for nationalisation of industries. The defence of the internal and external sovereignty of a state is without doubt one of the primary functions of government. Therefore, arms, armaments and other related production should be nationalised. Nuclear, space, military aviation and aeronautical research and development are of such strategic importance for the successful defence of a country that the government, instead of private enterprise, should undertake them. Arms and

armament production and research of this nature cannot be subjected to the arbitrariness of the private sector. Such enterprises must continue, for strategic purposes, to produce irrespective of the state of the economy. They simply cannot be subjected to the rules of a free-market economy. The need for secrecy also figures very strongly in this regard. If production and concomitant research in this field are under the control of government institutions, it is easier to secure secrecy by way of legislation that will prevent strategic information from falling into alien hands. This argument has a strong pragmatic basis.

### *Efficiency and effectiveness*

Where an industry is of primary and strategic importance for the efficient and effective operation of the economy it can be argued that such an industry should be nationalised and consolidated into one large enterprise. This also applies to where competition threatens the continued existence of such a vital industry through the irrational and unnecessary proliferation into a great number of small enterprises. This argument, however, does not postulate that government control and nationalisation automatically guarantee efficiency and effectiveness. The point is that a declining industry that has grown by proliferation can only be saved by rationalisation through nationalisation. This is a pragmatic argument, but the point is that rationalisation can also take place in the private marketplace by mergers.

### *Arguments against nationalisation*

#### *Anti-government monopoly*

While the dangers of uncontrolled monopolistic conditions in the private sector are presented as the primary reason for nationalisation and for government entering the private sector domain, it could be argued that a public monopoly in a specific industry could be just as dangerous and undesirable as a private monopoly. In such a case the authority of government is added to the power of monopoly and this is the most dangerous form of monopoly. Free marketers also argue that private monopolies are usually the result of government intervention in the working of the free market, thereby creating a climate and situation for the development of private monopolies. Their argument is that in a free economy private monopolies cannot last very long, because the free interplay of market forces eventually counterbalances such developments.

#### *Centralisation*

Nationalised industries are usually placed under the control of a cabinet minister. This is necessary to secure responsibility and accountability to the legislature through the minister. This creates a centralised hierarchy with the legislature and cabinet minister at the apex to make sure that the management of the nationalised industry adheres to the government's policy. The result of this centralisation is that the nationalised industry is managed very rigidly, leaving no scope for the innovation and entrepreneurship one would find in private enterprise. Administration by hunch through remote control, with a loss of sensitivity to the needs of clients, is the result.



### *Inefficiency and ineffectiveness*

The management and administration of trade and industrial enterprises demand an approach, skills and techniques that differ completely from those needed in government administration. Therefore, if trade and industrial enterprises are brought under the control of the government administration by nationalisation, the normal business approaches, skills and techniques necessary for the efficient and effective management of such enterprises are frustrated. Rigidity, inapplicability and irrelevance accompany ministerial control without any effective encouragement or stimulus such as the profit motive in the private sector. It therefore could be argued that the effect of nationalisation could only be inefficient and ineffective management, resulting in higher tariffs and prices for the consumer and business losses that have to be carried by the taxpayer.

### *Interfering with private rights*

Exponents of the free-enterprise economic system have grave objections to the nationalisation of private enterprises. Some of them go so far as to brand it “the freeway to communism”. These exponents want to limit the activities of government to the absolute minimum for the sake of individual freedom. They disagree with the expansion of government activities into the traditional domain of the private sector. Government expansion into the private sector is regarded as prejudicing individual private rights, especially the right to use one's private property as one wishes – in particular the right to retain the private ownership of such property. It is sometimes believed that nationalisation is a never-ending process that over time gains momentum up to a point where a free-enterprise system is completely eradicated, with the inevitable result of totalitarian socialism. This danger has been proved all over the socialist world and cannot be ignored.

These, then, are the arguments for and against nationalisation. The results of nationalisation are not always what the supporters of such a policy expect them to be. Nationalisation does not always fulfil the expectations of the exponents of socialist ideology. Nationalisation can, however, be regarded as the beginning of the road to fully-fledged socialism – “the road to serfdom” as Frederich von Hayek<sup>214</sup> puts it. If nationalisation is undertaken solely to create job opportunities for the unemployed, it will eventually lead to a purely socialist system, which will in turn eventually become totalitarian. What really emanates from a policy of nationalisation is the so-called social welfare state with a mixed economy, where both the public and private sector are active in the economy and where both run industrial and trade enterprises supposedly for the benefit of the community at large. History has proved, however, that the most important side-effect of a policy of nationalisation is the creating of substantial losses for nationalised enterprises that have to be recouped from taxpayers' money. However, one must concede that for the modern state to survive, some government intervention may be necessary. The supposition, however, is that any intervention should supplement and support the private sector. It must not be in direct competition with private enterprise. Governments in a democratic free-enterprise system or social market system, therefore, should enter the domain of the private sector only:

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214 Von Hayek, F. A. 1972, *The constitution of liberty*, South Bend, IN, Gateway Editions.

- where it is in the interest of the community and where the private sector, for some reason, neglects to do what is necessary;
- to supply the economic and social infrastructure for the continuous development of individual citizens;
- to render financial support where private capital is unwilling or insufficient for socio-economic development; and
- to prevent the exploitation of individual consumers by monopolistic enterprises.

## **Privatisation**

As is the case with most socialist policies, nationalisation usually leads to inefficient and ineffective management of nationalised enterprises, resulting in low productivity and substantial financial losses. It contributes to economic stagnation or even negative economic growth, with a shrinking tax base as the result. The irony of the matter is that under such circumstances the government is expected to lend financial support to such inefficiency, ineffectiveness and lack of productivity from a declining tax base. This situation leads to more and more taxation of a shrinking tax base with less and less money left over in the private sector for productive capital investment, with total economic collapse lurking around the corner. Experiencing the negative effects of nationalisation and excessive government spending, some countries turned to a policy of privatising nationalised industries and other government activities.

Privatisation may be regarded as a rationalising process and an important facet of a government's policy for advancing private initiative and a market-oriented economy. Privatisation is also directed at reducing excessive government spending, because government spending does not have the same positive effect on economic development and growth as does private spending and investment. It can also be regarded as an effort to promote the efficient and effective utilisation of resources in order to increase the economic prosperity of each individual to such an extent that the individual can care for his own social welfare. Privatisation complements the economic welfare state idea and, therefore, can be directed at the rationalisation of the supply of goods and services by either the private or public sector in the most efficient and effective way. It must, however, always be borne in mind that the private sector is not *per se* more efficient and effective than the public sector; in some cases the reverse may well apply. It is nonetheless accepted that, because of the profit motive, private sector enterprises have to be efficient and effective in order to survive in a market economy.

## **Strategy for privatisation**

If a government supports the idea of an economic welfare state and accepts, therefore, the free-market economic system as its policy, with the privatisation of some public services as its main objective, it becomes necessary to determine –

- what the role of the government in such a free-market economic system should be;
- which services lend themselves to privatisation; and
- how privatisation can be achieved.

### ***Role of government in a free-market system***

Considering the philosophy of the economic welfare state, it should be clear that the primary function of any government is the maintenance of law and order and the protection of the individual's person and property against malicious injury and possible damage. This demands the maintenance of a police force and a judicial system that can protect the private rights of an individual, even against the state if necessary. If it is accepted that the free-market system has certain defined shortcomings and deficiencies, the second function of government is to rectify such negative aspects through intervention. Government, for instance, may be expected to maintain economic order through a deliberate monetary policy. Another function in this regard is to supply economic infrastructure services. Government may even, under specific circumstances, be expected to enter the economic production process, but only in cases where the private sector neglects to enter the production process in order to produce a certain product which is absolutely necessary for maintaining and developing the country's economy. Public enterprises resulting from such a policy should, however, be privatised as soon as they have been properly established. No government should establish and run public enterprises in direct competition with the private sector. In short, a government's economic welfare function is to create circumstances within which private entrepreneurs and other economic subjects are free to develop their own economic welfare and prosperity. The goal must be to "bake a larger economic cake" through the free interplay of economic forces in a free market in order to allow each contributor to enjoy, in proportion to his own contribution, a larger piece of the economic "cake".

As far as the social welfare function of a government is concerned, the general socialisation of particular services according to the recipe of Marx and Engels is unacceptable within a free-market system. This approach, however, does not mean that the government should not render social services in meritorious cases. People in need, such as the very poor and the physically handicapped, should be helped, but in such a way that it eventually becomes possible for them to help and care for themselves in order to prevent their becoming a permanent burden on the taxpayer. Government should permanently support only the compassionate cases that cannot be rehabilitated, if their families are unable to do so and where it is not prohibitively expensive.

### ***Services suitable for privatisation***

From the discussions so far, it should be clear that the responsibility for rendering collective services should rest with the public sector and should not be transferred to the private sector. Collective services are typically public sector services that can only be financed collectively from taxation. No private entrepreneur would be interested in supplying collective services because no price per unit can be determined in terms of the interaction between supply and demand in a free market and because no profits can be generated from such services.

Some quasi-collective services are possible candidates for partial privatisation: privatisation in conjunction with the private sector, where a public authority may remain responsible for the establishment and maintenance of the fixed capital part of the service and a private contractor be responsible for its operational part. The public authority recovers its capital costs from taxation and the private contractor recovers

his operational costs plus profit from user charges. Education and fire protection services are good examples in this case.

There are particular services, however, which are extremely suitable for privatisation. They are indeed typical private sector services. This fact, however, does not prevent a group of consumers from working together for the sake of the benefits of economies of scale. Economics of scale can be obtained by collective action to form a local government or a utility organisation (company or corporation without a profit motive) for producing and supplying such services to them. In a free-market situation, however, the principle remains that a public monopoly should not be created by such action. It would also neither be acceptable to exclude competition from the private sector by way of legislation. Nor would it be acceptable to compel individual consumers to make use of such services; or, even worse, to oblige them to pay for such services when they do not want to make use of them at all.

When a final decision has to be made on which public services are suitable for privatisation, each service falling within the framework of the order and protection function, the economic welfare function, and the social welfare function should be carefully analysed and classified as either collective, quasi-collective, or particular. Then every variable that may influence the final decision should be identified. A feasibility study for each service under consideration should be undertaken. Both the quantitative and qualitative advantages and disadvantages of privatising the service should be weighed against each other. With the broad goals of the government as guide, a final decision should then be taken.

### ***Ways and means of privatisation***

There are several ways and means by which public services could be privatised, for instance, denationalisation, depoliticising, withdrawal or suspension, outsourcing, and deregulation. Before privatising any public service, the first logical step is to “commercialise” such a service. This means that the service must be removed from the public budget and be placed on its own, with its own closed profit and loss account, in order to prove itself as a suitable candidate for privatisation. A warning must be sounded here; namely, that public service units should not be “commercialised” for the sake of freeing them from public accountability and control by the legislature. They should remain under control and subjected to public accountability until they have proved themselves as suitable for privatisation within the competitive world of the free-market system; only then should they be privatised.

### ***Denationalisation***

Denationalisation can be regarded as the first step towards returning to a free-market situation. Care should be taken not to transform denationalised public enterprises into private monopolies by protecting them from competition through legislation. Initially, it may be necessary to lend financial support to such denationalised public enterprises by way of subsidies, if they cannot hold their own in the cut-throat competitive milieu of a free-market system, provided such support is in the interests of the economic development of the country. If any denationalised public enterprise cannot make it in a highly competitive free-market in the end, then it has no right to

be maintained. This could mean that there is no demand for its goods or services and that it has no right to exist.

### *Depoliticising*

Depoliticising of public services may also be regarded as a means of privatisation, for instance where private utility companies (corporations) are established to supply housing to the lower-income groups, water in bulk to local governments and to undertake nature conservation. Such arrangements may ensure that sensitive services like these are rendered outside the party political milieu, making them less subject to party political manipulation and exploitation. When depoliticised, these services can be rendered more efficiently and effectively.

### *Withdrawal or suspension*

Another way of privatising is to withdraw or suspend the rendering of those public services that become redundant over time, or those public services of which the benefits do not justify the costs. In the case of withdrawal or suspension of a public service, it is left to the individual consumer or user to become self-sufficient or to forfeit the use of the services. If there is no demand for a public service, it is a waste of money to keep on making it available by maintaining an organisational structure for that purpose, or simply to maintain job opportunities.

### *Outsourcing*

Outsourcing or contracting out is a popular way of privatising public services. In the case of outsourcing, the supply and financing of the service remains the responsibility of the public authority, but a private entrepreneur under contract with or under concession does the real rendering of the service from the responsible public authority. Some local, regional and even central government services lend themselves to outsourcing to the private sector. In the United States of America research on the services of 1 378 local governments proved that the cost of providing a public service by direct labour is roughly 2 times that of contracting the service out to private business.<sup>215</sup> The Lakewood plan for cities in the United States of America is a good example in this regard.<sup>216</sup> Lakewood was at one stage a city of more than 80 000 inhabitants with only ten municipal employees. The work of these ten employees was to call for tenders and to control the contracts with private enterprises for supplying all the public services in the city.<sup>217</sup>

### *Deregulation*

Deregulation comprises *inter alia* the relaxing of statutory monopoly protection and the dismantling of obstacles in the way of the free functioning of the market system as well as other restrictive regulations to allow free competition with the public sector. In cases where effective competition does not exist, it is imperative for any privatisation

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215 *The Individualist*, Volume 8, No. 3, p. 7.

216 Mikesell, J. L. *op cit.*, p. 5.

217 Bish, R. L. & Nourse, H. O., 1975, *Urban Economics and Policy Analysis*, Tokyo, McGraw-Hill, p. 209.

action to be preceded by deregulation. The protection enjoyed by statutory monopolies should be abolished before they are sold to the private sector, because the replacement of a government monopoly with a statutorily protected private monopoly would simply frustrate the objectives of privatisation.

Remember that the goal of privatisation is the restructuring and rationalisation of a country's economy. The direct objectives of privatisation are, *first*, to return to a free-market system with the aim of expanding general economic welfare. General economic welfare allows each individual to improve his own welfare and prosperity according to his own mental and physical abilities, so that he may care for his own social welfare. *Second*, the objective is to limit government spending to the absolute minimum in order to stop the never-ending process of tax increases and, *third*, the objective is to create economic growth and development through private initiative and a market-oriented economy, in order to increase the national income. Through the increasing of the national income, the tax base for the public sector broadens and, therefore, secures more tax income at the same or lower tax rates. The broadening of the tax base also results in a more even and equitable spreading of the collective tax burden, thereby relieving the individual burden of each taxpayer, but simultaneously increasing the income of the exchequer.

Privatisation is a complicated matter and demands an in-depth study of the different ideologies supported by governments. It also requires thorough research on the nature of government functions and public services, before rational decisions can be taken on which services should be privatised and in what way they should be privatised. When decisions are to be taken on privatisation, it is imperative to understand that there is no midway between statism, with socialism or fascism as basic ideologies, and a free-market system, with individualism and individual political and economic freedom as its pragmatic manifestations. Experience world wide over the years has proved that socialism, in whatever form, gradually leads to increasing government regulation and oppression of individual rights, eventually reaching the stage where totalitarianism becomes entrenched.

### ***Obstacles in the way of privatisation***

The road to privatisation is difficult. Much opposition from vested interests in both the private and public sector may be expected. Statutorily protected private monopolies will not easily cede their privileged position in the market. Public officials might regard privatisation as a threat to their safe and secure careers, but this need not necessarily be the case. What should always be remembered when considering a policy of privatisation is that, in a democratic free-market system, it is the task of public authorities to serve the public. The interest of the public is paramount and must always be borne in mind. Privatisation should, therefore, not be undertaken simply because it is the fashion of the day, but should be undertaken only if it is to the benefit of the public and the economy of the country as a whole.

Privatisation may be a worthy goal because many state-owned businesses undoubtedly will perform better in private hands, but it will prove painfully difficult to achieve. The main reason is that large-scale privatisation entails enormous political risk. It virtually assures, at least temporarily, higher unemployment in societies where

millions are already out of work. Publicly owned enterprises tend to be over staffed, and the new private owners of such enterprises impose layoffs as their first order of business after buying a state-owned enterprise. Even when employees keep their jobs, they often have to be satisfied with reduced wages and benefits. If the hardship for these people becomes too great and their numbers too large, a backlash from organized labour is a potent political threat.

Nevertheless, divestiture of state-owned enterprises has been widely adopted by new and often newly democratic free-market governments of the 1990s as part of a broad programme of fundamental economic reform. Many of the countries embarking on the course of privatisation is groaning under the burdens of large public deficits, partly caused by money-losing public enterprises. The sale of these public enterprises helps to reduce public spending, which enables governments to allocate limited resources more productively.

## SUMMARY

To realize their goals, objectives and short-term targets, public authorities execute a multitude of diverse functions. For the execution of their order and protection functions, social welfare functions, and economic welfare functions, public authorities render several kinds of public services in order to realize their goals and objectives. For organisational purposes, these government functions are grouped into line functions and staff functions. Staff functions supplement and support the line functions and render an indirect contribution to the realization of an authority's goals and objectives. Line functions represent those government activities that contribute directly to the realization of the goals and objectives. Line functions may be classified as order and protection functions, social welfare functions, and economic welfare functions.

To fulfil these functions, the public authority must render clearly defined public services. To decide how and with what these public services should be financed, a different classification from that of the classification of functions is needed. The difference between public sector services and private sector services is determined by their collective or particular nature. Collective services will normally be classified, as public services while particular services are typically private sector business. This categorisation, however, does not prevent public authorities from supplying certain particular services; it all depends on which ideology is supported by the government of the day.

Collective services are those services to which an utilisation value cannot be allocated according to a measured unit consumed, and for which a price per unit consumed cannot be determined according to the cost for their production and supply. They are furthermore non-exclusive, which means that members of the public cannot be excluded from their use. They are also inexhaustible as long as they are properly maintained. Collective services are financed by income from taxation and there is no direct *quid pro quo* for the taxpayer.

Particular services have quite the opposite characteristics to collective services. A value can be allocated to each unit consumed and a price per unit can be determined according to the production and supply cost involved. Particular services are exclusive, which means that consumers not paying their accounts can be excluded

from consumption. They are also exhaustible and must be replenished on a continuous basis as they are consumed. Particular services are financed by income from consumer tariffs paid by the consumers. Consumers, therefore, receive a direct *quid pro quo*. While collective services are typically public sector services, particular services are typically private sector business. Particular services may, however, be supplied by the public sector in cases where the private sector for some reason neglects to supply such services, or on the grounds of the benefits derived from economies of scale obtained through the joint action of a group of consumers.

Quasi-collective public services are those bearing the characteristics of both collective and particular services. Quasi-collective services generate either positive or negative externalities and, therefore, should either be supplied by the public sector or regulated by government. Fire protection services, education, and preventive health services are typical examples of quasi-collective services with both positive and negative externalities.

To qualify as a public service, a service should be non-apportionable, non-exclusive, and inexhaustible. If it is not a collective service but a particular service, either then it should generate benefits derived from economies of scale obtained through joint actions, or it must qualify as a quasi-collective service, with both positive and negative externalities.

In considering and studying public services, the question is: What services should be rendered by the government and what services should be left to the private sector? It is a matter of either nationalisation of private enterprises or the privatisation of public enterprises (parastatals). One of the most radical strategies carried out by socialist governments is the nationalisation of industries, thereby establishing control over economic resources. Many arguments for and against nationalisation of private enterprises exist. The nationalisation of existing private enterprises, on the one hand, can be regarded as a socialising action based on socialist ideology. On the other hand, a private enterprise can be nationalised in order to secure its continuous existence especially where the functional activities of such an enterprise are necessary for maintaining economic prosperity. The argument for control of monopolies is the main argument in favour of nationalising private enterprises. The best control, for planning and development, goes hand in hand with the ownership of the production factors. Public ownership is necessary for the viability of parastatals concerned with planning and development. The argument here is that both monopoly and planning justify nationalisation, because of its power over and control of the production factors. The fact that a certain type of industry is of strategic importance for a successful war effort is given as another reason for nationalisation of industries. Where an industry is of primary and strategic importance for the efficient and effective operation of the economy it can be argued that such an industry should be nationalised and consolidated into one large enterprise.

While the dangers of uncontrolled monopolistic conditions in the private sector are presented as the primary reason for nationalisation and for government entering the private sector domain, it could be argued that a public monopoly in a specific industry could be just as dangerous and undesirable as a private monopoly. Nationalised industries are usually placed under the control of a cabinet minister. The



result of this centralisation is that the nationalised industry is managed very rigidly, leaving no scope for the innovation and entrepreneurship one would find in private enterprise. If trade and industrial enterprises are brought under the control of the government administration by nationalisation, the normal business approaches, skills, and techniques necessary for the efficient and effective management of such enterprises are frustrated. Exponents of the free-enterprise economic system have grave objections to the nationalisation of private enterprises. Some of them go so far as to brand it “the freeway to communism”.

As is the case with most socialist policies, nationalisation usually leads to inefficient and ineffective management of nationalised enterprises, resulting in unproductivity and substantial financial losses. It contributes to economic stagnation or even negative economic growth, with a shrinking tax base as the result. Some countries turned to a policy of privatising nationalised industries and other government activities. Privatisation may be regarded as a rationalising process and an important facet of a government's policy for advancing private initiative and a market-oriented economy.

If a government supports the idea of an economic welfare state and accepts, therefore, the free-market economic system as its policy, with the privatisation of some public services as its main objective, it becomes necessary to determine its role in a free market economy. It should be clear that the primary function of any government is the maintenance of law and order and the protection of the individual's person and property against malicious injury and possible damage. As far as the social welfare function of a government is concerned, the general socialisation of particular services according to the recipe of Marx and Engels is unacceptable within a free-market system.

It should be clear that the responsibility for rendering collective services should rest with the public sector and cannot be transferred to the private sector. Some quasi-collective services are possible candidates for partial privatisation. There are particular government services, which are extremely suitable for privatisation.

There are several ways and means by which public services could be privatised. Denationalisation can be regarded as the first step towards returning to a free-market situation. Depoliticising of public services may also be regarded as a means of privatisation. Another way of privatising is to withdraw or suspend the rendering of those public services that become redundant over time, or those public services of which the benefits do not justify the costs. Outsourcing is a popular way of privatising public services. Deregulation, another form of privatisation, comprises *inter alia* the relaxing of statutory monopoly protection and the dismantling of obstacles in the way of the free functioning of the market system as well as other restrictive regulations to allow free competition with the public sector.

The road to privatisation is difficult. Much opposition from stakeholders in both the private and public sector may be expected. Statutorily protected private monopolies will not easily cede their privileged position in the market. Public officials might regard privatisation as a threat to their safe and secure careers. Privatisation may be a worthy goal because many state-owned businesses undoubtedly will perform better in private hands, but it will prove painfully difficult to achieve.

## POSSIBLE EXAMINATION QUESTIONS

1. Explain the nature and characteristics of the three types of government services (30 minutes)

### Points to be discussed:

- The difference between private sector services and public sector services
- Collective services
- Particular services
- Quasi-collective services
- The requirements for qualifying as a public service

2. Explain the arguments for and against nationalisation of private services (30 minutes)

### Points to be discussed:

- The meaning of nationalisation

Arguments in favour of nationalisation:

- Monopoly control
- Economic planning and development
- Power and influence
- Defence and military strategy
- Efficiency and effectiveness

Arguments against nationalisation:

- Anti government monopoly
- Centralisation
- Inefficiency and ineffectiveness
- Interfering with private rights

3. Explain the strategy for the privatisation of public services (30 minutes)

### Points to be discussed:

- Role of a government in a democratic free market system
- Services suitable for privatisation
- Ways and means of privatisation:
- Denationalisation
- Depoliticising
- Withdrawal or suspension
- Outsourcing
- Deregulation
- Obstacles in the way of privatisation

## CHAPTER NINE

# GOVERNMENT GOALS AND OBJECTIVES

### STUDY GOAL

The purpose of studying this chapter is for the student to understand that governments are created with a purpose in mind; that is with specific goals and objectives to satisfy the common needs of the public.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

- The original goals of government emanating from the laissez-faire idea.
- The social welfare goals of government emanating from socialism and the social welfare state idea.
- The economic welfare goals of government emanating from the economic welfare state idea.
- Goals of the modern civilised state.

### INTRODUCTION

Government functions are aimed at servicing the public to satisfy their needs by delivering specific services. The whole purpose of government is to satisfy the collective needs of the public. Therefore, it is generally accepted today that governments are striving towards the realisation of predetermined goals; goals which are embodied in specific objectives and concrete targets. Each government institution, on whatever level of government, pursues predetermined goals, objectives, and targets that are reflected in its annual operational and capital budgets. When one studies the general goals of governments, the questions are: Why do governments exist? What do they do? Why do they do what they do? When studying the philosophy of public administration, one is concerned with the political problem of what governments should and should not be doing. The questions to be answered are: What are the goals and objectives of government? What are the strategies and functions by which they strive to realise their goals and objectives? What is the nature of the public services rendered in order to fulfil their functions? How and from which sources of income should public services be financed?

Students and practitioners of public administration cannot ignore the fact that politics and ideology play a determining role in the formulation of government policies. The prevailing political ideas and values of a community, as articulated by its elected representatives, should be an indication of the philosophy of the government concerned. This philosophy should be reflected in its policies. Therefore, a logical point of departure is a study of the philosophical premises of government organisation within a framework of different political ideologies. With the development of political ideas and thoughts on the purpose and functions of government, the goals and

objectives of governments have changed drastically with the passing of time. This change and the concomitant increase in government goals and objectives have resulted in a simultaneous and sometimes dramatic increase in the functions and activities of the public sector, with a relative increase in a variety of public services.

To explain the general goals and objectives of government, it is imperative to start with the age-old normative debate on what governments do in comparison with what they should do. The crucial question of this debate was eloquently put by Edmund Burke in the eighteenth century as follows: “What the state ought to take upon itself to direct by public wisdom, and what it ought to leave, with as little interference as possible, to individual direction”.<sup>218</sup> The arguments to this debate relate to four ideologies, namely laissez-faire capitalism, socialism, the idea of a social welfare state, and the idea of an economic welfare state. Capitalism characterised by the tenets of the laissez-faire approach gave governments what today may be called its original goals. From socialism and the social welfare state idea emanated more goals that may be typified as social welfare goals, while the goals emanating from the idea of an economic welfare state may be characterised as economic welfare goals.

### **ORIGINAL GOALS<sup>219</sup>**

The original approach to the obligations and related activities of the state apparatus emanated from the laissez-faire idea. Under the laissez-faire system, governments were expected not to intervene in the private economic and social activities of the individual citizen. Governments were expected only to maintain law and order and to protect the life and private property of the individual. The social and economic activities of individuals were controlled by a system of free association and a free economic market, while differences and disputes between them were settled by independent courts of law according to common law principles.

### **The origin and meaning of laissez-faire**

It is commonly held that even during the reign of Louis XIV of France, political rulers realised that their financial wealth and prosperity depended on the economic prosperity of their taxpayers. With this in mind Louis XIV sent his Minister of Finance, Jean Baptiste Colbert, to a meeting of private businessmen to ask them what the government could do to enhance their economic prosperity, whereupon he was aptly advised: “*Laissez nous faire!*” which means “Leave us alone”. The respondent thus gave a name, *laissez-faire*, to both a condition and an ideology. In eighteenth century France the sayings *laissez-faire* (let people make or do what they choose) and *laissez-passer* (let us pass or go) were the formulae into which some of the champions of the cause of liberty compressed their programme. Their aim was the establishment of an unhampered market society. In order to attain this end, they advocated the abolition of all laws preventing more industrious and more efficient people from outdoing less industrious

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218 Burke, Edmund, 1901 “*The Writings and Speeches of Edmund Burke*” Vol. 5, Boston, Little Brown and Company, p 166 See also Burke, Edmund, 1855, “Address to the Electorate of Bristol” in *The Works of Edmund Burke*, Volume 1, New York, Harper Brothers, pp 219-222.

219 Gildenhuys J.S.H., 1997, *op cit.*, p. 3 *et seq.* See also Gildenhuys J.S.H. & A. Knipe, *op cit.*, p. 27 *et seq.*

and less efficient competitors and all laws restricting the mobility of commodities and of men.<sup>220</sup> Descriptively the terms generally refer to situations where there is minimum government intervention in the lives and activities of private citizens, particularly in their economic activities. The government provides the basic conditions for free competition among its citizens by maintaining law and order, enforcing contracts, protecting private property, and defending the nation against attacks by other nations. Within these limits, it allows competition to function freely and without regulations. It neither holds back the successful nor supports the unsuccessful.

### **Laissez-faire as an ideology**

The doctrine that “that government is best that governs least” originated from the writings of seventeenth-century and eighteenth-century English philosophers such as John Locke, and a group of French economists known as the Physiocrats. Its most famous and influential exposition was *The Wealth of Nations*, published in 1776 by Adam Smith. The case for laissez-faire, as expounded by Adam Smith, may be summarised as follows: “Society, like the physical universe, is a rationally designed, sensible, orderly mechanism governed by natural laws”. Human reason and intelligence, as with physical or natural laws, may formulate these laws of social order. Many of them have already been formulated and are well known, such as the fact that the prices of commodities are determined by the interplay of supply and demand in a competitive market. Governments ignoring these laws of social order will encounter disaster as surely as persons who ignore and flout the law of gravity will. Governments who attempt and restrict economic competition, hamper the efficient and the successful, or help the inefficient and unsuccessful at the expense of the successful can only blunder and upset the delicate but perfectly adjusted balance of the natural socio-economic system. The whole nation will suffer and be the poorer for it.

Adam Smith, like other writers on the doctrine of laissez-faire, was, however, willing to accept some deviations from this rigid ideology of no government intervention in the socio-economic activities of the individual. Adam Smith conceded and actually believed that government should intervene in the free activities of people in the case of, for example, famine. He also believes that government should regulate production and consumption in whatever ways necessary to ensure adequate defence against foreign attack. He added, however, that such deviations were justifiable only on humanitarian and nationalist grounds. From the standpoint of strict economic efficiency, however, they were indefensible and should therefore be undertaken only when necessary.

### **Goals of the laissez-faire system**

The original goals of governments can, based on the tenets of the laissez-faire ideology, be summarised as follows: The government creates and ensures the circumstances for free competition among all individuals within the national community. This is done through:

- the maintenance of law and order;

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220 Von Mises L. 1966, *Human Action: a treatise on economics*, Chicago, Contemporary Books, p. 730.

- the enforcement of contracts by independent courts of law;
- the protection of the private lives of individuals and their private property; and
- the defence of the national community against foreign aggression.

Within these limitations, free and unregulated socio-economic competition is allowed. The efficient and successful are not restricted or hampered in their socio-economic activities. The inefficient and unsuccessful are not protected and helped at the expense of the successful.

### **SOCIAL WELFARE GOALS**

With the rapid development of nineteenth-century capitalism through modernisation and industrialisation, greater awareness of the needs of the less privileged employees and their unequal position *vis-à-vis* the more prosperous capitalists emerged. The plight of the less privileged obliged governments to create circumstances within which the individual could develop his or her social welfare and physical well-being. This meant the creation of social security through the provision of social welfare services by government. This led to the idea of the social welfare state. It is imperative to explain socialism as an ideology because socialism as an ideology forms the basis of the social welfare state concept. The meaning and the ideology of the social welfare state also require explanation.

### **Meaning of socialism**

The term “socialism” has been widely used in political discourse since the early nineteenth century. Unfortunately, like the terms “democracy” and “freedom”, even in a purely descriptive sense, it means different things to different people. For most people it is highly charged with emotional connotations. To protagonists of socialism these terms connote equality, justice and the end of the exploitation of poor employees by rich capitalists, as well as other noble traits. To the capitalist, on the other hand, socialism means government confiscation of property, regimentation of the individual life, red tape, inefficiency, coddling the useless, the lazy and the incompetent, and many other negative things.

For studying the philosophy of public administration, socialism is accepted as a system of statism with centrally concentrated and comprehensive economic, social and physical control of the activities of the individual to the detriment of individual liberty. It is a system where the ownership of all factors of production, such as land, raw materials, labour and capital, are vested in government. It is a system where production, distribution and trade belong to the community at large and administered by the government on behalf of the community.

### **Socialism as an ideology**

There are many varieties of socialist doctrines. Some socialists devote a great deal of time and energy to pointing out the ideological errors and organised sins of rival brands of socialism rather than criticising laissez-faire capitalism. Despite many and often bitter disagreements among themselves, all socialists have a sufficient number of beliefs in common that one may speak of socialism as a general ideology. There are

many varieties of socialism, but all socialists agree that the principle source of evil in the world is the institution of private property, and all – although in varying degrees – advocate the common ownership of all the means of production as the cure. All advocate the transformation of private property into public property and the division of income of such property in accordance with individual needs.

Because of the exceptional influence of socialism on the theory and principles of public administration, it is appropriate to quote the “Ten Commandments” of the two leading champions of socialism, namely Karl Marx and Frederick Engels. Their ten propositions as stated in the *Communist Manifesto* of 1848 are the following:

- Abolition of property rights for land and utilisation of all income from rents for public purposes;
- A heavy progressive or graduated income tax;
- Abolition of inheritance rights;
- Confiscation of the property of all emigrants and rebels;
- Centralisation of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly;
- Centralisation of the means of communication and transport in the hands of the state;
- Extension of factories and instruments of production owned by the state, the cultivation of wastelands, and the improvement of the soil generally in accordance with a common plan;
- Equal obligation on all to work. Establishment of industrial armies, especially for the agricultural industry;
- Integration of agriculture with manufacturing industries gradual blurring the distinction between town and country by means of a more equitable distribution of the population over the country;
- Free education for all children in public schools. Abolition of child factory labour in its present (1848) form. Combination of education with industrial production.

In contrast to *laissez-faire* capitalism, the characteristics of socialism, therefore, may be summarised as follows:

- socialism does not acknowledge the particular and private ownership of the factors of production. All power over land, capital, and labour is vested in and owned by the state;
- the government decides how and for what purposes the factors of production shall be employed. In other words the government decides what shall be produced, what quantity shall be produced, at what prices the products shall be sold, and what pay the employees shall receive;
- each production unit shall be a planned government undertaking. No private entrepreneurs shall be allowed;
- no free market system;
- redistribution of income through a militant use of government taxing powers;
- social security benefits such as pensions, unemployment benefits, free medical services for all, free education for all, and cradle-to-grave welfare services are collectively provided out of progressive tax sources to increase the well-being of the less privileged classes and to guarantee minimum standards of living.

## **Social welfare state**

The century between the publication of the *Communist Manifesto* in 1848 and the end of the Second World War in 1945 will in all probability be remembered as the century of the growth of socialism. Since then, a revaluation has taken place together with a gradual change in perceptions. These perceptions eventually culminated in the rejection of totalitarian socialism, known as communism, especially in the democratic world and even in the former Deutsche Demokratische Republik (East Germany) and the former USSR. The reasons for this new approach can be attributed to different circumstances, such as:

- disillusionment with the harsh methods in the totalitarian socialist systems such as the former USSR and China, which were accompanied by oppression and the loss of lives, and which created a great fear among the people of the world;
- it has been increasingly realised that political evolution is preferable to violent political revolution. In other words, economic, social and political change should rather come about gradually with the minimum disruption to community life and political stability;
- the gradual improvement of the fate of labourers and the less privileged created a situation where reform on a grand scale and total revolution became unnecessary;
- the total destruction of individual freedom and the excessive concentration of power in an omnipotent totalitarian regime generated a fear of this type of government system.

The result of all these fears was twofold. On the one hand, the champions of the social welfare state rejected totalitarian socialism. On the other hand, they also rejected nineteenth-century laissez-faire capitalism as a monster that should be destroyed. The protagonists of the social welfare state have generally accepted that both extremes were dangerous for the future of the individual and that a balance should be found between the laissez-faire capitalism of the nineteenth century and the totalitarian system of the twentieth century. The modern social welfare state, according to its champions, is the answer to this problem.

## **Meaning of the social welfare state**

The term “welfare state” has been widely used in political discourse only since the early 1940s and is therefore much newer than either laissez-faire capitalism, which dates from the early 1700s, or socialism, which dates from about 1830. The term social welfare state generally denotes a government’s guarantee to all citizens of certain minimum conditions of good life, such as formal education, medical care, economic security in old age, housing and protection against the loss of jobs or business.

A social welfare state differs from a laissez-faire capitalist state mainly in that the latter guarantees its citizens equal opportunities to compete with one another for the good things of life, but no guaranteed share in those good things. The social welfare state is not identical to socialism or to a totalitarian socialist state (communism). It may, however, provide some of the guaranteed minimum by socialist means such as free education, free medical care, social welfare allowances for the less privileged and state pensions for the indigent aged – government handouts.



### **Social welfare state as an ideology**

In a social welfare state, the welfare of the individual, or of groups and classes, is regarded as the collective responsibility of the community and, therefore, the state. This means that the government, which is supposed to represent the collective will of the community, takes the necessary steps to realise this collective objective. The realisation of this collective objective demands from the government that:

- assistance, not only financial, but also in many other ways, should be given to the poor and the less privileged to enhance their quality of life;
- the causes of poverty and destitution should be identified so that their continued existence can be counteracted; and
- the circumstances or factors that cause the poverty and destitution should be eradicated.

This means that the government accepts the responsibility for supplying more public services and means by which the minimum economic and social requirements for existence are guaranteed. The foregoing assumption implies, however, that the state will be democratic in nature and, therefore, be based on the principles of freedom, equity and justice for all. The social welfare state, therefore, implies that the government exists for the sake of all the citizens and not for the sake of an elite group or class, or for the sake of the government – that is for the sake of the public servants and politicians only. In the real world this means that a balance should be found between democratic and socialist techniques to create a larger margin of socio-economic equilibrium. This means that the community accepts the fact that the government should take precautions to supply social support through the introduction of social services.

This concept demands a new approach towards public functions and government responsibility. The original passive role of government, with the maintenance of law and order as its sole function, is now substituted by a more dynamic approach. The government is now regarded as the dynamic promoter of social reform and distributor of social services to the individual and groups in the community as a whole. This means that the government now has a positive assignment and is actually commissioned to lead the community into a better quality of life. To comply with this demand, the government is obliged to intervene in the economic and social domain of community life and especially in the liberty of the individual citizen.

John Maynard Keynes (1883-1946) can today be regarded as the person who contributed most to the idea of the social welfare state. On the one hand, Keynes regarded laissez-faire capitalism as dogmatic, but on the other hand, he also rejected dogmatic socialism. Empirical collectivism has been accepted as a middle-of-the-road concept between dominant individualism (laissez-faire) and collectivism (autocratic socialism).<sup>221</sup> According to this Keynesian concept, government should not enter the domain of the private entrepreneur, but only those sectors of the private sector domain

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221 See Keynes's essay "The end of laissez-faire" in Ebenstein, 1966:654 *et seq.* in this regard (taken with permission from John Maynard Keynes, 1926, *Laissez-Faire and Communism*, New Republic.)

which are not being served or which cannot be served by individual private entrepreneurs. Public and private initiative and efforts must hereby be combined for the sake of the well being of a free society. This Keynesian philosophy in fact means that government, through its economic policies, is responsible for the full employment of all production factors. Keynes accepted that:

- full employment and capital growth are interrelated and interdependent;
- the charging of interest is wrong, because of the scarcity of capital – to raise capital, communal or collective savings for common use should be introduced;
- tax systems should be structured and developed so that the entrepreneur can be justly and adequately rewarded for his services to the community;
- freedom and economic control are compatible.

These ideas of Keynes are all included in the broader concept of the social welfare state as applied in the real world. The social welfare state idea is based on the proposition that the philosophical basis of individualism, as applied in politics is wrong. The problem with this concept is that the general welfare of the community cannot easily be defined. To determine the general welfare socio-economic experts, government planners as well as the public must be consulted. As a public programme for the development of the welfare of the people, the social welfare state concept rejects the accumulation of private wealth and concentrates mainly on the redistribution of wealth. The ultimate aim is the equal redistribution of wealth. Private monopolistic business concerns and the over-concentration of economic power in the hands of a few entrepreneurs must be eliminated. Competition amongst the individuals and small business undertakings should be supported and encouraged. The government should control the available natural resources. There should be full employment of capital, labour and natural resources. Social equity must be developed by way of the following measures:

- government regulation and control of economic aspects such as credit, interest rates, wages and prices;
- comprehensive planning of economic and social development,;
- renewed emphasis on civil rights and freedom;
- improvement of the health, education and welfare of the community;
- government ownership by nationalisation of industries that are of strategic significance for attaining the government's social welfare goals and objectives.

### **Objectives of the social welfare state**

The social welfare state idea is based on a so-called mixed economy. This means that the private sector must be protected but also regulated. It means that the share of the public sector in the economy must be enlarged and developed. The social welfare ideology is neither laissez-faire capitalism nor communism. As opposed to individualism, where the emphasis is on individual freedom of socio-economic activities, the social welfare approach places strong emphasis on the communal basis of the state. The basic viewpoint is that state activities and state intervention are not necessarily an evil. It is actually an important responsibility and duty, which arises from the community's consciousness of the prevailing social evils. The social welfare

doctrine is not, however, very dogmatic about state ownership and government control of land, industries or production resources as is the case with communism or totalitarian socialism. The social welfare philosophy and its practical application therefore presupposes the following:

- a kind of automatic extension of government authority and power over all socio-economic activities;
- a greater measure of centralised control; that is the concentration of power (the legal and political authority) in the hands of the central government;
- extensive government planning of the economic and social activities of the community;
- more financial authority and taxing power for the government, accompanied by a never-ending growth in taxation to comply with the ever-expanding demands of the community;
- reconciliation of central government control with the individual liberty, of laissez-faire capitalism and totalitarian socialism or communism and of private initiative and the so-called community or public interests.

### **ECONOMIC WELFARE GOALS**

After almost a century of experimenting with socialism, of whatever kind, variation or name, more and more communities all over the world began to realise that the champions of the welfare state ideology were trying to replace the devil with Beelzebub. Instead of greater economic prosperity, social welfare for the masses, equality and justice for all, there was inequality of wealth, large-scale unemployment, poverty and distress, and suppression of the individual in most of the social welfare states. One of the most detrimental results of the social welfare state administration is the perpetual increase in the number of public servants, public officials and political representatives, the so-called mandarin class, characterised by a bureaucratic arrogance, autocracy, immorality, insensitivity and indifference to the plight of the individual. Another result is the centralising of all public authority in the hands of an omnipotent central government through which the life and activities of the individual citizen are regulated, regimented and directed more and more by statist bureaucrats. A statist bureaucrat is a typical autocrat, whose jargon is larded with phrases like “in the interest of the community” and “community needs”. A statist bureaucrat acts according to his personal interpretation and view of what the community’s interests and needs are, irrespective of the community’s own views, expectations and interpretations. The statist bureaucrat decides on his own what the community’s needs and interests are. He allows neither the community nor individual citizens nor interest groups nor the market demand to lead him in his decision making.

Politicians in such a system are shrewd. They indoctrinate the uninformed and ignorant masses with emotional slogans and promises and always blame someone else or something beyond their control for their failures. They always create a bogeyman to rally the masses behind them. They call upon the nationalism and patriotism of the masses for support. The political history of the world has proved that nationalism and patriotism are the slogans of the political scoundrels of the world. It has been discovered over time that the more intervention there is in the socio-economic

activities of individuals for the sake of social welfare development, the more force, regulation, regimentation and direction by the government are necessary. Therefore, the social welfare state systematically moved away from a free democratic system towards a typical socialist system supported by an autocratic and eventually a totalitarian one party government system relying on government by force and the suppression of the masses.

In the field of public finance, the system is characterised by:

- excessive government spending;
- unprecedented increase in taxation;
- accumulated budget deficits; and
- unparalleled accumulation of public debt, converting once prosperous countries into insolvency.

In the economic field the most conspicuous results are:

- almost unmanageable balance of payment problems;
- accumulated foreign debt;
- high interest rates in the midst of a large and artificially created money supply;
- unprecedented inflation rates in spite of dragging recessions and even deep depressions.

In the political field the notable results are:

- smouldering hatred between social classes;
- friction between the government and the citizenry which eventually erupts into large-scale political unrest, political and economic instability, with the total collapse of the state as the result.

In the field of public administration the results are:

- inefficiency and ineffectiveness
- corruption and maladministration.

### **Economic welfare state**

Ludwig von Mises had indeed predicted as early as 1945 and 1950 that the social welfare state was doomed to fail and depicted Keynes's philosophy as *interventionism* and as synonymous with comprehensive government planning. Von Mises also argued that interventionism is the actual cause of depressions and indeed the cause of all the evils mentioned above. According to him, the social welfare state is a middle-of-the-road policy that eventually leads to totalitarian socialism. He argues that a free-market economy is the only system that serves the individual best. "There is no other planning for freedom and general welfare than to let the market system work. There is no other means to attain full employment, rising real wage rates and a high standard of living for the common man than private initiative and free enterprise."<sup>222</sup>

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222 Von Mises, Ludwig, 1966, *Human Action: A treatise on economics*, Chicago, Contemporary Books, pp. 17-18.

### Meaning of the economic welfare state

The perceived failure and imperfections of the social welfare state resulted in some governments turning to a new concept that may be termed the economic welfare state. In this case the emphasis is on the economic welfare of the individual that may enable the individual to care for his social well-being. Personal economic welfare and independence from the state for one's personal social welfare creates a sense of pride and personal achievement. It enhances a person's dignity.<sup>223</sup>

The basis of the economic welfare state is the democratic free-enterprise politico-economic system, with the principles of classic democracy as its supporting value system. It is based on the proposition that political and economic freedom are reciprocal corollaries and not contending opposites. They are like the two sides of the same coin, inseparably connected to each other and complemented with equity, justice and the tenets of the rule of law. Its value system is characterised *inter alia* by

- representative government;
- freedom of thought;
- freedom of speech;
- freedom of the press and other communication media;
- private property rights for land and other production factors; and
- freedom of trade and profession.

A free-enterprise economic system underscores the philosophy that the market system should be allowed to operate undisturbed, with government intervention limited to the absolute minimum, if at all necessary.

### Economic welfare state as an ideology

Contrary to statist collectivism and its three types, namely Communism, Nazism and Fascism,<sup>224</sup> a democratic free-enterprise system is characterised by individualism with a democratic political system and a free-market economic system as basis. The concept of individualism postulates that the state exists for the sake of the individual citizen, for serving the individual. The principles of the democratic free-enterprise system are based on the philosophy that individuals, living within a demarcated physical environment, can agree on common collective matters. At the same time the individual is left alone to live his or her life according to his or her views and personal philosophy. The primary goal of democracy is to develop the individual and to protect his or her dignity. Democratic philosophy does not regard a government as a purpose unto itself, but as an instrument for realising the development of the individual. The individual citizen is not supposed to serve the government, but the government is the servant of the individual citizen. In contrast to statist collectivism, democracy therefore supports and acknowledges individualism.

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223 This is in stark contrast with the social welfare state idea, where the individual is placed almost in a permanent inferior, beggar's position *vis-à-vis* the state, undermining his or her personality. Socialist governments want to keep all individuals permanently dependent upon the state so that they (the socialists) can buy their votes with government handouts and promises of handouts, to keep them in power.

224 To this list may be added *apartheid* as an Afrikaner ethnic-socialist system.

The economic base of democracy is the free-market system. Political freedom is the corollary of economic freedom. The perception that political freedom can exist or be acquired without economic freedom or *vice versa* is an illusion. It is no accident that the age of capitalism also became the age of government by the people. It is an historical fact that the period of the evolution of capitalism coincided with the evolution of democratic government – compare the outbreak of the American War of Independence in 1775, the publishing of Adam Smith’s book, *The Wealth of Nations*, in 1776 and the French Revolution of 1789. Political freedom goes hand in hand with economic freedom. If individuals are not free to buy and sell on the market, they turn into virtual slaves dependent on the good graces of the omnipotent government, whatever the wording of the constitution may be.

The free market represents the social application of an objective theory of values. Since values are to be discovered by man’s mind, men must be free to discover them. Men must be free to think, to study, to translate their knowledge into physical form, to offer their products for trade, to judge them and to choose, be it material goods or ideas, a loaf of bread or a philosophical treatise. Since values are established contextually, every man must judge for himself in the context of his own knowledge, goals and interests, and should not allow anyone else or the government to judge and decide on his behalf. Since values are determined by the nature of reality, it is reality that serves as man’s ultimate arbiter; if man’s judgement is right, the rewards are his; if it is wrong, he is his only victim. If the government of a socialist system judges wrongly and takes wrong decisions, then the whole collective of individuals are the victims and everybody stands to lose.<sup>225</sup>

The basis of the free-enterprise system is the acknowledgement of the fact that the individual and what he privately owns does not belong to the government or the community as a collective unity, as is the case with the socialist system. It also means that the individual is by no means the slave of the government or the community. It also means that the individual must work to support himself; that he has to be guided by his own rational self-interest. If a person wants to trade the products of his own labour for that of other individuals, he cannot expect his fellow traders to become the sacrificial victims of his desires and needs. This means that he cannot expect to receive values without trading commensurate values in return.

### **Objectives of the economic welfare state**

It follows from the above ideological perception of the economic welfare state that the first objective of such a state is to limit its intervention in the social and economic life of the individual to the absolute minimum, if ever necessary. The second objective is to obtain political and economic equality for all citizens. As in the case of political equality where equal political participation of all citizens is secured, economic equality means the creation of equal opportunities for each individual by government to participate in the economic processes, according to his or her personal attributes and abilities. The third objective is securing individual and personal freedom of every citizen. Freedom in this sense can be defined as the state in which a man is not subject

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225 Rand, Ayn. 1966, *Capitalism: The unknown ideal*, p. 24.

to coercion by the arbitrary will of another or others, which includes the individual independence from the arbitrary will of others, including government and its institutions. Freedom in this sense means the securing by government of a private environment for the individual. It also means that certain circumstances in the life of an individual exist where others and even the state should not intervene.<sup>226</sup>

In conclusion, one may state that the *main objective* of an economic welfare state is the creation by government of circumstances where the individual is free and is left to develop his own economic welfare according to his own physical and mental abilities, by means of which he can afford to look after his personal social welfare. This is only possible under circumstances where:

- production factors such as land, natural resources, labour and capital are in particular private possession without any sign of communal or government ownership or control over such resources;
- the owner of such production factors is free to utilise them for any purpose to his or her personal advantage, provided that such utilisation does not infringe upon the rights and freedoms of other individuals;
- the interaction of the utilisation ratio of private production factors is regulated by a free-market mechanism, where every individual takes his own decisions independently and without government interference;
- the demand for, and the supply of, goods and services determine the ways in which the production factors are utilised, and not the government; and
- the legal relationships among individuals are determined by an independent court of law in terms of common law principles and not by administrative tribunals, politicians and bureaucrats who do not explain the reasons for their judgements.

### GOALS OF THE MODERN CIVILISED STATE

The struggle between socialism and laissez-faire capitalism is still very much alive in the modern world both in the political and economic fields. In spite of decades of experimentation with the social welfare state idea, reconciliation between the two extremes within the socio-economic spectrum has not been reached. On the contrary, it appears that socialism, with all its defects and evils, has gained ground over capitalism in some places. In the developed parts of the world, especially in the West, signs have appeared on the horizon indicating a move away from the social welfare state towards an economic welfare state. In countries such as Britain, the United States of America, and some other European countries, governments in general support the democratic free-enterprise system. Privatisation and deregulation are the policies of the day. These policies can be regarded as rationalisation processes, which represent facets of public policy for the advancement of private initiative and a market-oriented economy. They are aimed at the more efficient and effective utilisation of resources in order to develop both the economic and social welfare of the individual.

Even Michael Gorbachev conceded in so many words the failure of socialism in the former USSR.<sup>227</sup> However, his remedial approach differed from that of the democratic countries. With his policy of *perestroika*, he wanted to cure the socio-

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226 Von Hayek, F. A. 1972, *The Constitution of Liberty*, South Bend IN. Gateway Editions, p. 11.

227 Gorbachev, Michael, 1987, *Perestroika*, London, William Collins, pp. 17-59.

economic ills of his country with more socialism. In his view of a new economic and social policy, Gorbachev wrote: "Socialism and public ownership, on which it is based, hold out virtually unlimited possibilities for progressive economic processes. For this, however, we must each time find the most effective forms of socialist ownership and the organisation of the economy ... It is Lenin's idea of finding the most effective and modern forms of blending public ownership and personal interest that is the groundwork for all our quests, for our entire concept of radically transforming economic management."<sup>228</sup>

It is evident from his arguments that Gorbachev wanted to change his country's socio-economic system from a centrally controlled economy to a more decentralised, locally controlled system with some elements of a market economy introduced into the new system. This would entail a change from traditional totalitarian communism to a more decentralised socialist system, where decision making in the economic production process would be devolved to lower levels in the politico-economic hierarchy, and which Gorbachev referred to as democratic socialism.

Gorbachev's policies of *glasnost* and *perestroika* caused a ground swell in the Eastern European communist bloc, with a move away from socialism towards a more democratic free-enterprise politico-economic system. It eventually even led to the overthrow of the communistic regime in the former USSR and the destruction of the former USSR, under the leadership of Boris Yeltsin. However, it would be grossly irresponsible to conclude that socialism is dead in the world. Socialism is still alive and well, albeit only in some parts of the world. It must also be borne in mind that more than two centuries have elapsed since Adam Smith and the rise of laissez-faire capitalism. Circumstances in the management of the state have since changed so dramatically that an easy return to a pure capitalist system, if possible, cannot be made overnight. The advancement on the road to socialism over the past few decades has reached the state where a sudden return to a system based on nineteenth-century laissez-faire capitalism may cause so much trauma and political instability that the effort would fail in any case. It can be argued, therefore, that the only way to return to a democratic capitalistic system is to destroy physically all socialistic regimes, as was done with Adolf Hitler's Nazi Germany. The violent destruction of Erich Honeker's Communist regime in the Deutsche Demokratische Republik (East Germany) may be another good example in this regard.

On the other hand, one may argue that the policy of privatisation and deregulation represents a gradual conversion of the existing socialist order into a democratic capitalistic system. Such a new policy, however, cannot create a pure nineteenth-century laissez-faire capitalistic system. Because of development and change in many fields of modern communities, the managing of the modern state has become so complicated that a system devised two centuries ago cannot be adopted to meet present-day demands without drastic changes. The levels of industrialisation, urbanisation, technological development in many fields, the changing attitudes of the people through intellectual development, and population explosions demand large-scale changes in the management of a country's socio-economic system. Technological development in the fields of

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228 *Op cit.*, p. 83.



communication and transport has introduced new dimensions in international political and economic relations. Even changing domestic inter-group and inter-personal relations demand a new approach to the management of a country's affairs. Private individual and/or group activities, for instance, may cause negative externalities for other individuals or groups and this requires government intervention. In this regard, air pollution, water pollution and noise pollution are good examples of negative externalities caused by technological development, which require government intervention in the private activities of individuals and groups. The democratic free-enterprise system is, therefore, not without any flaws and limitations and requires government intervention for eliminating the problems of negative externalities, but nothing more. Government intervention of this kind is compatible with a laissez-faire system. It is nevertheless obvious that any modern state can move away from the evils of twentieth-century socialism and the social welfare state, to create a prosperous society where everybody is better off.

### **A good quality of life for all**

A rational approach towards identifying the goals of present-day civilised governments is to learn from the mistakes of the past and to identify and bring together the positive aspects of all approved and successful systems. It stands to reason that by following such an approach, *the broad goals of modern governments* can be none other than *the creation of a good quality of life for each of their citizens*. It is incumbent upon each individual to create a good quality of life for himself, according to his own physical and mental abilities. The attainment of a good quality of life by each individual demands an environment that provides equal opportunities for each individual to develop, maintain and enjoy a satisfactory quality of life without threats and constraints from outside his personal environment.

The development of a satisfactory quality of life will only be possible where:

- ample and equal opportunities exist for each individual to subsist, including equal opportunities to work, to do business as producers, manufacturers, contractors, traders and as professionals;
- sufficient indispensable public services and amenities of optimum quality are efficiently and effectively supplied by government;
- the quality of the physical environment within which the individual lives, works and relaxes is satisfactory and not fraught with all sorts of dangers; and
- people feel safe and secure to live without fear for social disruption and personal threats.

In all these requirements government must play a significant role to realise its goal of satisfying the needs of the individual.

### **SUMMARY**

It is generally accepted that the governments of modern civilised states strive to realise predetermined goals by attaining more concrete objectives and fixed short-term targets. The prevailing political ideology of the ruling party will always have a definite impact on the government's policies. The original philosophy of governing a modern

democratic state was contained in the tenets of the laissez-faire system, where government intervention in private economic and social activities was taboo. The principle that the best government is one that governs least originated from the thoughts of seventeenth-century and eighteenth-century English philosophers such as John Lock and a group of French economists called the Physiocrats. Adam Smith and other proponents of the laissez-faire ideology, however, were prepared to deviate from the rigid dogma of absolutely no government interference in the private socio-economic activities of the individual under any circumstances. Adam Smith conceded that in the case of war, famine and other compassionate cases the government might intervene to protect the community and to render support.

With the development of prosperity through a capitalist economic system, a greater awareness emerged of the needs of the less privileged individuals and unequal competitive position in which they found themselves *vis-à-vis* the more prosperous. This awareness led to the concept of a social welfare state, with socialism as the underlying ideology. Socialism is accepted as the ideology of a statist system with extensive economic, political, social and physical control by government to the detriment of individual freedom. The *Communist Manifesto* of 1848 provided the foundation for totalitarian socialism (communism). However, since the Second World War (1939-1945) a re-evaluation has taken place with a resultant change in thinking that has rejected socialism in its extreme form to a growing extent. The result of this intellectual paradigm switch was the emergence of the social welfare state idea. The social welfare state idea requires that government guarantee all citizens minimum conditions for a good life through formal education, medical care, economic security in old age, housing, protection against unemployment and the loss of business. In a social welfare state it is accepted that the community, through its government, is collectively responsible for the social well-being of the individual, of groups and of classes. In broader terms the social welfare state concept means that the government takes the responsibility for providing services and means to secure minimum economic and social requirements for the good life of each citizen. This means that the government should ensure social security through the social support of each individual.

John Maynard Keynes may today be regarded as the person who contributed most to the idea of the social welfare state. On the one hand, Keynes labelled laissez-faire economy and the law of supply and demand as dogmatic. On the other hand, he also rejected socialism as dogmatic. According to Keynes's philosophy, the social welfare state idea is based on the so-called "mixed economy", which means that the private sector is protected but at the same time regulated by the government, while the share of the public sector in the economy expands simultaneously. The social welfare state also emphasises the collective and communal base of the state.

After more than half a century of experimentation with the social welfare state idea, more and more communities all over the world have realised that the social welfare ideologists were trying to replace the devil with Beelzebub. Instead of greater material prosperity and more social welfare, large-scale unemployment, poverty and distress are still rife in most of the social welfare states. The system is plagued by excessive government spending, unprecedented increases in taxation, accumulated budget deficits and an unparalleled accumulation of public debt, placing governments technically in a position of insolvency.

The obvious failures of the social welfare state forced many democratic states to return to what may be called an economic welfare state, where emphasis is placed on the economic welfare of the individual. The basis of the economic welfare state is the democratic free-enterprise system, characterised by the limitation of government intervention in the activities of the individual to the absolute minimum. The broad goal of the economic welfare state is the creation by government of circumstances where the individual is free and left to enhance his or her own welfare according to his or her personal attributes and abilities.

A rational approach towards identifying the objectives of modern governments is to learn from the mistakes of the past and to identify and bring together the positive aspects of all approved systems. By following such an approach, it is obvious that the broad goals of modern civilised governments should be the creation of a good quality of life for each of their citizens.

### **POSSIBLE EXAMINATION QUESTIONS**

1. Explain the original goals (obligations) of government emanating from the laissez-faire idea. (30 minutes)

#### **Points to be discussed:**

- The origin and meaning of the laissez-faire system;
  - Laissez-faire as an ideology;
  - Goals of the laissez-faire system.
2. Explain the origin and meaning of the social welfare goals of government (30 minutes)

#### **Points to be discussed:**

- Meaning of socialism;
  - Socialism as an ideology;
  - The social welfare state and its meaning;
  - Social welfare state as an ideology;
  - Objectives of a social welfare state.
3. Explain the origin and the meaning of the economic welfare goals of a government (30 minutes)

#### **Points to be discussed:**

- The failure of the social welfare state;
- The economic welfare state and its meaning;
- Economic welfare state as an ideology;
- Objectives of the economic welfare state.

4. Explain the goals of the modern civilised state

#### **Points to be discussed:**

- The struggle between socialism and capitalism;
- The failure of Gorbachev's policies of glasnost and perestroika;
- A good quality of life for all as objective.

# CHAPTER TEN

## INDIVIDUAL SATISFACTION AND FEEDBACK

### STUDY GOAL

The purpose of studying this chapter is for the student to understand the satisfaction of the individual's needs and the working of the feedback loop in public administration as the final activity in the complicated cyclical system of public administration.

### LEARNING OBJECTIVES

After studying this chapter, the student must be able to explain the following concepts in his or her own words:

- The ethical guidelines of serving the individual;
- The satisfaction of the personal needs of every individual;
- The feedback loop;
- Ways and means of communicating dissatisfaction;
- The need for proactive administration.

### INTRODUCTION

Referring back to Figure 1 in the Introduction, *supra*, one finds the individual placed right in the centre of the wheel. The focal point is of course the individual. The interests of the individual and his needs and values are paramount in all public activities and this places him at the centre of all government activities. All government activities must be aimed at the individual, as all the little arrows in Figure 1 indicate by pointing to the individual sitting right at the centre, forming the core of the whole system. If Figure 1 can be perceived as a wheel, the individual represents the axle around which everything turns. By now it must be understood that the complete public administrative process is actually aimed at satisfying the needs of the individual and respecting the personal values of the individual. However, every person in his right mind will agree that the personal needs and personal values of any individual within a national society may differ from those of anybody else. This makes it impossible to satisfy collectively the individualised needs and values of all individuals in one state. The emphasis must be on the common core values and collective needs of communities, while individualised needs and values that cannot, or should not be satisfied collectively by government effort, must be satisfied by the individual himself or by the private sector at the individual's personal expense.

### Satisfaction of individual needs

Individuals, interest groups and communities may also differ in their opinions on what services government should provide for the satisfaction of what needs. An individual cannot expect another individual to sacrifice his personal needs for the sake of

satisfying that other individual's needs. For instance, an English-speaking student cannot demand to be taught in English when living in Germany and attending a class of forty other German-speaking students. Such a student must abide by the common language for teaching in Germany or attend another institution that teaches in English. Government can only satisfy the collective needs that are for common use by every individual. It is then up to the individual whether he wishes to make use of such collective services or not. If he has a need for such collective service, he will make use of it; if not, he will in any case have to pay his tax for covering the collective costs of such collective needs provided by the government. All that government can do, in the case of satisfying collective needs, is to identify the aggregate demand for the collective services to satisfy the most demanding collective needs and make them available to the public. However, one must always remember that, although it is a collective need, the satisfying of such collective need *actually satisfies a personal need for every individual*. Therefore, the quantity and quality of the collective government services must satisfy the individual's needs.

In theory one can argue that in the case of particular services or quasi-collective services, the individual is not forced to make use or buy such services. He is free to buy them or not. However, this is easier said than done. Most of the particular services rendered by government, for instance, potable water, electricity, postal services, and telephone services, leave the user or consumer no choice but to make use of them, as there are no alternatives, as in the case of some social welfare countries. These kinds of services are basic services without which the individual cannot live in a civilised manner – they satisfy basic needs. The individual is thus forced to make use of or buy them from the government, which has a monopoly on such services. This is not like buying a basket of groceries from the grocery store around the corner and, if you are not happy, changing your grocer.

Another conclusion is that collective needs are basic and lie at the bottom of Maslow's needs hierarchy. The higher one's needs move up Maslow's needs hierarchy, the more personal and diversified they become. The higher needs lie more in the sphere of personal psychological needs such as self-esteem, and self-actualisation. What government must do in this case is create an environment with circumstances that allow each individual to satisfy these higher needs as explained by Maslow. The creation of circumstances conducive to satisfying these higher needs of self-esteem and self-actualisation realizes the general goal of government for allowing every individual to attain *a good quality of life* according to his own psychological and physical abilities. The circumstances conducive for attaining a good quality of life have already been explained – see the end of the previous chapter. The only way in which government can create these circumstances is to comply with the collective needs of the public by delivering public goods and services effectively and efficiently, and to respect the common values of the public. The government should also respect the private and personal individual values of each citizen – for instance, to allow for freedom of religion as a private and personal value.

## **Serving the individual<sup>229</sup>**

The individual forms the axis of the whole process of governance. Every government action should be aimed at satisfying the needs and respecting the rights and values of the individual. The modern defenders of civil rights rest their defence upon the *supremacy of the individual*. The fact that the individual is precious in the eyes of his Creator qualifies his supremacy. The individual and his rights, values and needs are paramount in the whole process. The philosophy of individualism is the basis of liberal democracy. In liberal democracies the prime objective of any public administrator is to serve the individual and this fact requires adherence to the “individual first” principle.

The “*individual first*” principle involves creating an ethical framework for the delivery of public services that treat citizens more like customers and enable citizens to hold the responsible public administrators accountable for the delivery and the quality of public services. It is a framework that releases the energy and commitment of public administrators to introduce more “customer-focused” ways of executing their functions and doing their work. The approach is encapsulated in the slogan “*The individual comes first*”.

The “customer” concept derives from the private sector, where business people cannot ignore the needs and wishes of their customers. If they do, they will go bankrupt, because people may choose to take their purchasing power elsewhere. Business people soon discover that “*The customer comes first*” is not an empty slogan. By contrast, however, individual citizens as the “customers” of public services cannot choose to take their business elsewhere. “Customer” is a useful term in the context of delivering public services to the public. To treat individual citizens as “customers” implies:

- listening to their views and taking account of them in making decisions about what services should be provided;
- treating them with consideration and respect;
- making sure that the promised level and quality of service is always of the highest standard; and
- responding swiftly and sympathetically when standards of service fall below the promised standard.

## **Service-delivery principles**

The framework consists of the following service-delivery principles:

### ***Consultation***

Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, should be given a choice about the services that are offered. Consultation will give citizens the opportunity to influence the decisions on public services by providing objective evidence that will determine service delivery priorities. It may also foster a more participatory and co-operative relationship between the providers and users of public services. There are many ways to consult

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229 Gildenhuys J.S.H. & A. Knipe, 2000, *The organisation of Government: An introduction*, Pretoria, Van Schaik Publishers, p. 130.

users of public services, such as customer surveys, interviews with individuals and consultation with all kinds of interest groups. Consultation must be conducted intelligently according to proven scientific methods.

### ***Service standards***

Citizens should be informed about the level and quality of public services they may expect. Standards for the level and quality of services, including the introduction of new services, should be published. Standards for national services should be set to serve as *national base-line* standards for nation-wide service delivery. In addition to this, *intra-departmental service standards* should be set to serve as minimum norms for internal departmental supporting activities. Standards must be precise and measurable, so that users may judge whether they are receiving what was promised. Standards must be set at a level to meet the demand, but must be realistic in terms of available resources.

### ***Access***

All individual citizens should have equal access to all public services to which they are entitled. As explained earlier, citizens must also have a free choice of public service. Service delivery programmes should therefore specifically address the need to progressively redress the disadvantages of all barriers to access.

### ***Courtesy***

The concept of courtesy goes much wider than asking public officials to give a polite smile and to say “please” and “thank you”, though these are certainly required. It should be made clear that courtesy and regard for individual dignity is one of the fundamental duties of public officials by demanding that public officials treat members of the public as “customers” who are entitled to receive the highest standards of service. Standards must be set for the way in which the public must be treated. The standards should cover among other things:

- greeting and addressing individual members of the public;
- the identification of staff by name when dealing with the public, whether in person, on the telephone or in writing;
- the style and tone of written communications;
- simplification and user-friendliness of forms;
- the maximum length of time within which responses must be made to enquiries;
- the way in which interviews should be conducted;
- how complaints should be dealt with;
- the way to deal with people who have special needs, such as the elderly or infirm.

### ***Information***

Information is one of the most powerful tools at the public's disposal in exercising its right to good service delivery. Government institutions must provide full, accurate and up-to-date information about their activities. The consultation process should be used to find out what the public wants to know, and then to work out where and when the

information can best be provided. Information should be provided in a variety of media and languages to meet the differing needs of different individuals.

### ***Correcting mistakes and redressing failures***

The capacity and willingness to take action when things go wrong is the necessary counterpart of the standard-setting process. It is also an important constitutional principle. There are a number of government institutions protecting the public from maladministration and impropriety by government departments. However, such institutions should be seen as last resorts by citizens after exhausting other remedies, and are not substitutes for swift effective action by government departments to correct any wrong or failure.

### **The feedback loop**

However, what happens if an individual is unhappy with the quantity and quality of government services: in other words, when government services do not satisfy his needs and do not create an environment conducive for creating a good quality of life? The individual must have a form of reproach. He must be able to air his dissatisfaction somewhere to someone. There must be an effective feedback system. The individual's first option is to complain directly to the department concerned. There must be a formal, open and effective communication system between the individual and the government through which dissatisfaction can be communicated to the right department and to the right official. The need for communication demands external communication links between the government officials and the public. The need for transparency of government activities has already been argued for as well as the fact that individuals must have free access to government departments and any public official dealing with specific needs and problems of the public.

### ***Ways and problems of communicating dissatisfaction***

A member of the public can communicate his dissatisfaction in several ways with the relative government department. These may include personal oral communication and written communication direct to the relevant government department or through a political representative, an interest group, NGO or political party.

#### ***Oral complaints***

The first level of contact, when trying to lodge a complaint and finding the right person that deals with one's problem, is the person answering the telephone of the department concerned. Practical experience has proven that this, in some cases, can be frustrating. It may be frustrating because the person answering the telephone may not have the faintest idea about who is doing what in the department. To find the right person with the authority to do something about one's problem can be a nightmare experience. It is not unusual to be sent from pillar to post, and when one eventually finds the relevant person's name and telephone number, he is in all probability occupied in a meeting. When trying to make a personal appointment, one is often not surprised to find that his diary is fully booked for a month or more in advance.



### *Written complaints*

The alternative for someone to lodge a complaint is writing a letter to the chief executive officer of the given department. Now the complainant may be in for a long wait. The letter must first find its way through the registration system to the appropriate file, then the file must find its way to the right person working with such problems, and eventually it lands in the relevant person's in-tray at the bottom of the stack of files pending for his attention. As he works through the files from the top, the file with your letter of complaint slowly works its way up to the top. The biggest mistake one can make is to enquire telephonically about progress in the handling of one's complaint. By that time one's file might have been third from the top; it is then taken out to discuss the matter telephonically, after which it gets put back at the bottom of the stack of files in the in-tray, only to restart its journey the long way up to the top.<sup>230</sup> Handling public complaints in this way is bad administration and unprofessional. One cannot ignore the primacy of the individual and the fact that everything rotates around the happiness and welfare of the individual. The individual remains paramount in the public-private relationship. Therefore government doors cannot be closed on individuals with personal problems regarding public services. Every public official must be available and at the service of every individual who has a need to discuss personal matters concerning public services. These requirements demand an open two-way communication channel between every government official dealing with public needs and values and the public. It must always be remembered that the most important public management principle is that *the individual always comes first!*

### *Letters to the news media*

When personal letters and oral communication efforts fail, the next way out is to write a letter to the press for publication in the newspapers with the hope that someone will pick the matter up and do something about it. Depending on the seriousness of the problem and the possible impact on the rest of the public, the press may take it up and do some investigative journalism on the matter. Normally politicians and public administrators are sensitive to negative criticism in the news media and may react swiftly and positively to any negative publicity.

### *Lodging complaints through political representatives*

Another option is to approach a political representative of the ruling political party. Politicians are sometimes keen to help individuals with their personal complaints, because they are always aware of the need to broaden their support base. However, a problem arises when one is not a card-carrying member or a supporter of the ruling party. In such a case one's chances of having the problem solved are very slim. This is wrong, because when a political representative has been elected in the name of any party, such representative is supposed to represent the public as a whole and not only those who voted for his party or for him. In the case of proportional representation, where voters vote for parties and not for individual candidates, and where the party

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230 This is not a fairy tale, but based on the personal experience of the author in dealing with a real case of a customer's problems with a government department.

nominates the representatives, the line of contact between the individual and his representative becomes longer and makes communication more difficult. More often than not the individual does not know who his local representative is, because there are no “local” representatives in “local” demarcated constituencies.

#### *Lodging complaints through interest groups or NGOs*

The next resort is to lodge one’s complaints through an interest group or NGO. Interest groups and NGOs may have easier access to government departments and ministers than the individual does. Reference has already been made to the fact that politicians, cabinet ministers and chief executive officers prefer to communicate with organised interest groups rather than with individuals – it makes their external communication tasks so much easier. However, a few problems may arise: *first*, the complainant must be a member of such interest group or NGO, and *second*, the complaint must be of general interest to the interest group or NGO. Private personal complaints will not be dealt with by the group.

#### *Complaints to an ombudsman*

Where such a system exists, a member of the public can lodge a complaint with the so-called ombudsman, whose official duty is to investigate public complaints against the actions of a government. Ombudsmen carry out their duties in two ways: first, they investigate complaints from members of the public; second, they keep a watching brief on the government organisations and initiate investigations of their own. At the completion of an investigation, the ombudsman’s powers are limited to making recommendations, but these are normally implemented.

The ombudsman system originated in Sweden. In Sweden and elsewhere, the system has been extended so that special areas, such as consumer affairs and equal opportunities, have their own ombudsmen. The Swedish system served as a model and there are now ombudsmen in many other countries, including Finland, Denmark, New Zealand, Norway, the United Kingdom, Germany, South Africa (called the Public Protector) and Israel, as well as in various states and cities of the United States and Canadian provinces.<sup>231</sup> The ombudsman system has proved to be successful.

#### *Approaching the courts*

If all else fails, the final resort of the dissatisfied individual is to approach a court of law to hear his complaint against the government. Complaints may fall within several categories of law. It can be a civil claim, a criminal complaint, or a human rights complaint. Civil complaints are heard by civil courts, criminal complaints by ordinary criminal courts, and human rights complaints by constitutional courts. The problem is that in most countries justice systems work very slowly and court procedures are complicated and very expensive. In most cases the costs for the complainant can be more than the eventual benefit. By the time the complainant succeeds in getting a court order against the government, his costs can be astronomical. The irony of the matter is that the government uses the taxpayer’s money to defend itself, while the

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231 Microsoft Encarta Encyclopaedia 2001, “Ombudsman”, Microsoft Corporation

complainant must pay his legal costs himself. In other words, he indirectly pays the government to oppose his claim and must simultaneously pay his own legal costs.

### **The need for proactive administration**

What emerges from the arguments so far is that the chances of a sympathetic ear for one's problems or even winning your case against the government in court are very slim indeed, unless the problem is a general one impacting on a large part of the public, for instance contaminated water, air pollution, poor maintenance of roads, etc. There is, therefore, a need for *proactive public administration*. This means the opposite of reactive public administration. Reactive public administration means sitting and waiting for the public to complain before things are improved or corrected. Proactive public administration means to be responsive to every reaction from the public and especially from the individual. The public administrator will be proactive and take action before someone complains. Professional public administrators with integrity will manage their departments in a way that minimises problems and maximises public satisfaction. A professional public administrator will be well informed on the activities and the results of his department and will act immediately when something goes wrong. He will never sit and wait for someone to complain before acting. A professional public administrator will know how to manage his time successfully and will always find time to interview a member of the public.

### **SUMMARY**

We have now "completed" the cycle of the public administration process. Public administration is an ongoing process without an end. Contemplating the process as depicted in Figure 2, *supra*, one realises that the process starts with knowledge of the public and its needs, and carries on through to the satisfaction of the individual's needs, then back from the individual through the feedback loop to the public, carrying on through all the phases repeatedly in a never-ending succession. The focal point is, of course, the individual. The interest of the individual and his needs and values are paramount in all public activities and this places him in the centre of all government activities. All government activities must be aimed at the individual. Every person in his right mind will agree that the personal needs and personal values of any individual within a society may differ from those of anybody else. This makes it impossible to satisfy collectively the individualised needs and values of all individuals in one state. The emphasis must be on the common core values and collective needs of communities, while individualised needs and values that cannot, or should not, be satisfied collectively by government effort must be satisfied by the individual himself or by the private sector at the individual's personal expense.

Individuals, interest groups and communities may also differ in their opinions on what services government should provide for the satisfaction of what needs. An individual cannot expect another individual to sacrifice his personal needs for the sake of satisfying the other individual's needs. However, one must always remember that, although a public need may be a collective need, the satisfying of such collective need actually satisfies a personal need for every individual. Therefore, the quantity and quality of the government services must satisfy the individual's needs.

However, the individual forms the axis of the whole process of governance. Every government action should be aimed at satisfying the needs and respecting the rights and values of the individual. Citizens should be consulted about the level and quality of the public services they receive and, wherever possible, they should be given a choice about the services that are offered. Citizens should be informed about the level and quality of public services they may expect. All individual citizens should have equal access to all public services to which they are entitled.

It should be made clear that courtesy and regard for individual dignity is one of the fundamental duties of public officials; public officials must, therefore, treat members of the public as “customers” who are entitled to receive the highest standards of service. Information is one of the most powerful tools at the public's disposal in exercising its right to good service delivery. Government institutions must provide full, accurate and up-to-date information about their activities. The capacity and willingness to take action when things go wrong is the necessary counterpart of the standard setting process. It is also an important constitutional principle.

Another conclusion is that collective needs are basic and lie at the bottom of Maslow's needs hierarchy. The higher one's needs move up Maslow's needs hierarchy, the more personal and diversified they become. The higher needs lie more in the sphere of personal psychological needs such as self-esteem, and self-actualisation. The creation of circumstances conducive to satisfying these higher needs of self-esteem and self-actualisation realises the general goal of government of allowing every individual to attain *a good quality of life* according to his own psychological and physical abilities.

However, what happens when government services do not satisfy the individual's needs and do not create an environment conducive for creating a good quality of life? The individual must have a form of reproach. He must be able to air his dissatisfaction somewhere to someone. There must be an effective feedback system. A member of the public can communicate his dissatisfaction in several ways with the relative government department. These may include personal *verbal communication* and *written communication* directly to the relative government department or through a political representative, an interest group, NGO, or political party.

The first level of contact, when trying to lodge a complaint and finding the right person to deal with one's problem, is the person answering the telephone of the department concerned. If oral communication does not succeed, the alternative to lodge a complaint is writing a letter to the chief executive officer of the department. The individual remains paramount in the public-private relationship. Therefore, government doors cannot be closed to individuals with personal problems regarding public services. Every public official must be available and at the service of every individual who has a need to discuss personal matters concerning public services. The most important public management principle is that *the individual always comes first!*

When personal letters and oral communications fail, the next way out is to write a letter to the press for publication in their newspapers and to hope that someone will pick up the issue and do something about it. Another option is to approach a political representative of the ruling political party. The next resort is to lodge one's complaints

through an interest group or an NGO. Interest groups and NGOs may have easier access to government departments and ministers than the individual may.

Where the ombudsman system exists, a member of the public can lodge a complaint with the so-called ombudsman, whose official duty is to investigate public complaints against the actions of a government. If all else fails, the final resort of the dissatisfied individual is to approach a court of law to hear his complaint against the government and try to get a court order to rectify the problem or injustice.

There is a need for proactive public administration. Proactive public administration means to be responsive to every reaction from the public and especially from the individual. The public administrator will be proactive and take action before someone complains. Professional public administrators with integrity will manage their departments in a way that minimises problems and maximises public satisfaction. A professional public administrator will know how to manage his time successfully and will always find time to interview a member of the public.

### **POSSIBLE EXAMINATION QUESTIONS**

1. Explain the concept of serving the individual and the ethical guidelines for doing this (30 minutes).

#### **Points to be discussed:**

- Supremacy of the individual;
  - The individual first principle;
  - The service delivery principles:
  - Consultation;
  - Service standards;
  - Access;
  - Courtesy;
  - Information
  - Correcting mistakes and redressing failures.
2. Explain when the needs of the individual are satisfied and, if they are not, how he can provide feedback on his complaints to the relevant government institution (40 minutes)

#### **Points to be discussed:**

- The feedback loop;
- Ways and problems of communicating dissatisfaction;
- Oral complaints;
- Written complaints;
- Letters to the news media;
- Lodging complaints through political representatives;
- Lodging complaints through interest groups and NGOs;
- Complaints to an ombudsman;
- Approaching the courts;
- The need for proactive administration.

## EPILOGUE

The author does not claim this book to be the complete and ultimate answer to teaching and learning the academic subject Public Administration. However, it does claim to cover all aspects of the complete public administration process as an instrument for serving the public. It does provide a complete framework for studying the subject and the author is convinced that any conscientious student of public administration will be able to comprehend much better and in a holistic manner what public administration is really about. The book is meant to be an introductory work with a new holistic approach, with the concept of knowledge progression built into it. It is meant for undergraduate students or first-year students in a postgraduate MPA programme. The purpose of the book is to lay a sound and holistic foundation for postgraduate and more advanced studies of the various aspects of public administration.

What the book brings to the fore is that the professional public administrator, to comply with all the requirements demanded of him, must be a kind of super-human being with superior knowledge and skills of a variety of subjects; hence the multidisciplinary approach of the book. Apart from being an expert on the line-functional activities of his department, the professional public administrator must have a sound knowledge of public administration and other subjects like Public Law, Public Economics, Political Science and the Sociology of his society. He must indeed be a perfect human being but, unfortunately, there are no such things as perfect human beings. However, this should not prevent us from trying to do our best to become worthy of our careers as public administrators. What this book offers is a sound philosophical foundation on the basic principles and values for the more advanced study of public administration, so that the student may eventually become a good professional public administrator.

Emanating from this book is the need for postgraduate studies in the *advanced theories and skills* of the following subjects to meet the demands for proper public administration and management:

- *research methodology and data processing*; no public administrator can do his job efficiently and effectively without being able to do proper research and processing the relevant data on the matter to be decided upon or to formulate proper policies;
- *administrative technology*; professional public administrators must be able to correctly apply the techniques of, for instance, cost-benefit analysis, linear programming, the Critical Path Method (CPM) and the Programming Evaluation and Review Techniques (PERT), strategic planning and management, and must develop an understanding of Management by Objectives (MBO), which public administration is all about, because public administration must always have a purpose (objective) in mind;
- *development planning and programming*; including multi-year programming, activity/task scheduling, and budgeting skills;
- *advanced organisational theories and organising skills*; organisation development and organisational behaviour, including work-study, and the

developing of so-called “business plans” for each department and sections of a department;

- *advanced personnel management theories and skills*; such as job analysis, job descriptions, job evaluations, recruiting techniques, interviewing skills, career development strategies, in-service training, etc.;
- *advanced financial management theories and skills*; including, for instance, comparative analyses of various tax systems, tax rates, tax assessments, loan administration and debt management, various budgeting systems and the formulation of multi-year budgets.

For postgraduate studies the emphasis must be on the development of the students’ skills in applying the theories and principles of these public administration subjects; in other words, they must learn how to do these things in the practical situations of their work environment, within the framework of the values and principles mastered in their undergraduate studies. In addition, the following courses would strongly supplement the knowledge and skills and improve the abilities of the professional public administrator:

- Political philosophy;
- Public economics;
- Public law; and
- Labour relations and labour law.

To keep abreast of the needs development of the public, a professional public administrator can never stop studying and reading on these subjects. There is so much to be learned and to know to become a successful and good professional public administrator that no one can afford to sit back and rest on his laurels, claiming to know everything. There is no such thing as being good enough – being good enough is just not good enough. However, no one can claim to be able to master one subject or profession, especially that of public administrator, in one lifetime. Nevertheless, we must never stop trying to satisfy our highest personal need for self-actualisation through our careers as professional public administrators.

The world would be so much better off with all our professional public administrators being competent, honest civil servants with integrity, revealing high moral and ethical conduct in serving the public – in short being “philosopher kings”. It is precisely for these reasons that they must have a sound undergraduate foundation – which this book provides – upon which to build their postgraduate studies to become a professional public administrative elite.

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**The Philosophy of Public Administration** covers all aspects of the process of public administration as an instrument of serving the public. It does so by providing a complete framework for studying the subject and enabling students to understand the complexities of public administration in a holistic context. A particular merit of this work is its generalised approach. By laying a sound philosophical foundation of the basic principles and values it facilitates excellence in all the varied circumstances a professional public administrator may encounter in practice. Featuring a series of possible examination questions on each chapter, this is a text book for undergraduates and first-year students in postgraduate MPA programmes.



J.S.H. Gildenhuys is a well-known South African Professor of Public Administration. His career has taken him to both the academic and professional fields. He has been the recipient of numerous awards for excellence and this is the latest of his fifteen publications on the subject.