CHAPTER 5: THE ROLE AND FUNCTION OF THE STATE AND ITS IMPACT ON INTERVENTIONS

Public policy is what governments do, why they do it, and what difference it makes

THOMAS DYE (Greene, 2005:272).

5.1 Introduction
This literature review investigates the issues, trends and options that influence decision-making and determine the role government plays in formulating policies and strategies that attend to the collective interest of its citizens. The changing relationships between the different spheres of government impact significantly on the role and function of public administration. These relationships shape the outcomes of structures developed to advance the common good and serve the needs of its citizens. Because public administration does not occur in a vacuum but is influenced by the environment in which it operates, the open systems model provides the best option as a framework for a generic approach to public administration. Furthermore, the systems model allows for the exploration of needs, demands and desires that shape decision-making and the functions of the state while the generic approach refers to the totality of generic processes aimed at achieving predetermined goals.

Chapter 5 begins by taking a historical overview of political thoughts and ideologies. It investigates the relationship between theories, ideologies and the philosophical base of assumptions and knowledge. It establishes how ideologies played a determining role in formulating government policies and strategies. Globalisation has changed development thinking and the role government plays as a service provider. Because political ideological orientations laid the foundation for the study of public administration it is imperative to understand how this body of knowledge developed over the years. Also, public administration becomes intertwined in the relationships in political institutions - their experiences - and political preferences, in such a way that all have a determining impact on the type of policy chosen. Although public administration has been an integral part of early civilisations such as the Egyptian, Greek and Roman empires, it is only since 1887 that Public Administration has emerged as a discipline within the United States. Not all development of public administration took place in Europe and the United States. The influence of cultures such as Asia, Africa and Latin America, as well as the religion and philosophies of Islam, Hinduism and Confucianism should not be ignored as

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they all contributed in some way to the current forms and characteristics of governments. Unpacking the dynamics that influenced the different political ideologies and its contribution towards the international and national public administrative debates, allows for an in-depth analysis of the purpose and functions that drive government goals and objectives today.

A shift from pluralistic management to generic management emphasised the approach taken by the NPM movement with its focus on “steering” and “telling” the public what services are important. The new public management-type reforms have promoted a number of market-like features. “Management by hierarchy” shifted to “management by contract” with information issues becoming the key element in success. ITCs became a major factor in delayering hierarchies, downsizing organisations and external functions. Since the early 1990s, governments worldwide have drawn on new ideas on how elected and accountable governments are to conduct a coordinating, enabling and regulatory role in society. These new ideas moved the New Public Management towards a New Public Service approach with its focus on “serving” and “listening” instead of steering.

The chapter concludes with how a democratic government adapts to changes in the national and international environment and its ability to identify and exploit co-operative patterns of public-private exchange. The New Public Service approach utilises public-private partnerships as a mechanism for achieving policy objectives. Achieving these objectives is based on redefining the relationships between the political and administrative branches of the state. The challenge lies in finding a balance between the state and the market, between collective actions within the local, provincial, national, regional and global spheres and between governmental and non-governmental actions.

5.2 Political ideologies: building blocks in development thinking, public policy-making and public administration

Schumaker, Kiel and Heilke (1996:8) claim that the most comprehensive grand theories of politics are ideologies. They state that: “… ideologies provide logically related empirical statements about historical and present realities of social, economic and political life, and they provide a coherent system of ideals or values about how societies, economies and governments ought to be structured and perform in the near future” (Schumaker et al., 1996:8).
Christman (2002:190) elaborates as follows: “... ideology refers to a set of beliefs consciously held (though some might claim they can be unconscious) by members of a society, beliefs which are about some aspect of society but which are also caused by the material structure of that society”.

As indicated by Heywood (1994:7); Schumaker et al. (1996:11); Cloete and Wissink (2000:26); Christman (2002:189); and Needler (1996:35), political ideologies and political values are directly relevant to the actual practices of politics as this influences many political, economic and social practices. The changes that occurred in both social and economic institutions and practices provide an intellectual history of ideas that have influenced the development of political life (Schumaker et al., 1996:9). Rothstein and Steinmo (2002:6) state that although different countries may have similar ideological orientations, the final policy choice and type of strategy selected to solve problems are strongly influenced by political institutional structures and previous experiences that shape political preferences. Development theories are closely tied to the ideological orientations that shape beliefs at a given time (Pieterse, 2001:8). Variations in patterns of colonialism and imperialism became a critical determinant in shaping early twentieth-century attitudes and policies in development thinking (Rothstein and Steinmo, 2002:6).

behaviour to provide guidelines whereby this behaviour can be changed to serve the
mandated goals. Bayat and Meyer (1994:4) provide a broader meaning using an open
systems approach as fundamental premise to define public administration as: “… that
system of structures and processes operating within a particular society as the
environment, with the objective of facilitating the formulation of appropriate governmental
policy and the effective and efficient execution of the formulated policy”

Authors such as Henry (2001:1), Van Dijk (2003:33) and Botes, Brynard, Fourie and
Roux (1992:257) provide similar definitions for public administration. They view public
administration as a scientific discipline that is primarily concerned with the
implementation of government policy through joint actions seeking to achieve
predetermined goals within specific standards by reaching the desired objective as
effectively, efficiently and economically as possible. Roux et al. (1997:8) argue that
public administration is a: “… combination of generic functions and functional activities”

The generic administrative functions; namely policy-making, organising, financing,
personnel, determination of work procedures and control, are increasingly used on the
higher levels of public institutions to achieve objectives in an efficient and effective
manner (Roux et al., 1997:9). Management is viewed as a human capability to perform
administration effectively and becomes an intergeneric part of administrative functions.
This implies that an organisation has both administrative and management dimensions
(Roux et al., 1997:11).

The influence of the private sector instigated a managerial approach based on business
models and triggered tighter control of spending in government by initially reducing
budgets through manpower cuts. It set out to decentralise managerial functions and
responsibilities by means of a more devolved budget system, providing more
responsibility to line managers, placing more emphasis on organisational
responsiveness to customer and client interests focusing on growth in management
education and training (Farnham & Horton, 1996:74). By strengthening line management
functions, emphasis was placed on management by objectives. Public management
became object-driven rather than problem-driven and managers facilitated change
instead of resisting change. Emphasis was placed on short-term targets. The
development of performance indicators and performance measurement became the
pivotal point from which the outcomes and targets were measured. Traditionally used, individual staff appraisals were now linked with the performance management actions.

A gradual move towards accountancy procedures in the public sector and value for money became the core aspects on which efficiency and effectiveness in decision-making were based (Farnham & Horton, 1996:74). A series of financial changes followed which included accountability, external relations, internal systems and the conception of government itself (Kuye et al., 2002:100; cf. Hughes, 2003:7). Legislation and policies formed the cornerstone of sound management and accountability in financial management (Kuye et al., 2002:100). Although public expenditure management has developed as a framework for control and accountability, literature indicated that few public service managers spend time on finance management (Kuye et al., 2002:100). Farnham and Horton (1996:74) describe financial management as the processes and techniques that link delegated financial responsibility with financial accountability, resource inputs with service outputs and planning and control of the management process and operational managers with financial providers.

5.3 Historical overview of political ideologies: shaping the role of the state and the market

The evolution of policy analysis and public administration is a global enterprise that traces its roots far back into antiquity (Cooper et al., 1998:3; cf. Coetzee, Graaff, Hendricks & Wood, 2001:58). Public policy and its consequential administration have undergone centuries of change. These changes were based on the growth of urban settlements and conquests which had devastating impacts on historically significant societies and the governing systems each society developed (Cooper et al., 1998:5; cf. Coetzee et al., 2001:58). The significance of the evolvement from one governing system into another brought about a variety of social, political and economic changes. Power relationships formed the pivotal point in each system as this enabled one group to dominate the other and control the processes of growth through new technologies (Pieterse, 2001:8). The coercive and compulsory authority governments took to stay in control to protect their power, impacts on all governmental activities and reflect sovereignty (Heywood, 1994:43; cf. Joseph, 1999:348).

The history of Westernised political theorising began in ancient Greece and determined the way in which the European and Euro-American identity came to be constructed over
the centuries (Cooper et al., 1998:5; cf. Coleman, 2000a:21). Cultures such as Asia and Africa should not be ignored (Mughan & Patterson, 1992:29). Davidson (2001:7) draws our attention to the crucial role that early human development played in Africa and stresses that Africa cannot be separated from this role. The Egyptians of the Pharaonic times became intertwined with the African and European history as its rulers were sending large expeditions as pioneering traders to the south and the west (Cooper et al., 1998:3; cf. Davidson, 2001:30).


5.3.1 The classic thinkers: civic virtue and civil society
Classic thinkers influenced Westernised political debates on aspects of good governance and questioned the role of government from the ancient times up to the Renaissance (Coleman, 2000a:1). The main theme of the classical and Christian thinkers' philosophy rested on civic virtue and civil society and seeking for political truths (Schumaker et al. 1996:2). Plato (427-347BC) believed that the habits of civic virtue orientated people to uphold the common good. Aristotle (384-322BC) described the civic life of the citizen as the highest expression of humanity and claimed that the essence of justice was that equals should be treated equally (Heywood, 1994:31; cf. Christman, 2002:61; cf. Van Dijk, 2003:30). Both Plato and Aristotle's views encouraged citizen participation and citizenship in political processes that ensured common good and questioned the "best" and most "just" form of government (Heywood, 1994:31). This included concepts such as justice, liberty, respect for the law and constitutional government. Achieving "one world" is inherent to all political institutions. Cicero (106-
43BC) spearheaded the establishment of a unified government by solving the problem of “one world” (Sabine, 1961:159; cf. Hammond, 1966:3,127).

Papal centralisation extended beyond the field of judicial decisions and gradually engaged in the field of legislation. Many popes trained as lawyers and they became increasingly aware of their role as legislators and creators of new laws for the church (Sabine, 1961:187). They recognised the claim of a community to defend itself against the abuse of power and provided influential perspectives on constitutional thinking in which the medieval church thinking was perceived as pro-state. The rise of the Roman Catholic Church with its secular theory of the state dominated thoughts on authority (Sabine, 1961:256; cf. Cooper et al., 1998:4). The Church represented the fullest embodiment of unity of humankind. The revival of papal absolutism in the middle of the fifteenth-century was paralleled by a tremendous growth of monarchical power in almost every part of Western Europe. The medieval culture gave economy a central place in what they called practical moral philosophy and the constitutional organisation of cities (Coleman, 2000b:12). From the church, a system of complex hierarchy and control called papal monarchy, evolved (Cooper et al., 1998:4). Machiavelli (1469-1526), compared the two types of government structures, namely monarchies and republics (Heywood, 1994:19; cf. DeLue, 1997:99). He believed that a republic would possess important characteristics of a civil society and would offer individuals the chance to pursue their own conception of common good (Hammond, 1966:4, 128).

5.3.2 The modern thinkers: civil society and development thinking
Heywood (1994:12) points out that although political science originated in the twentieth-century, it drew upon roots which date back to the empiricism of the seventeenth-century. Similarly, public administration has its historical foundation in the roots of political ideologies such as liberalism, socialism and conservatism (Heywood, 1994:8; cf. Schumaker et al., 1996:38; cf. Van Dijk, 2003:30). Modern thinkers dominated the scene with their political thoughts on civil society, private property, government and the economy. The concept of natural rights played an important role in the approaches social contact theorists attached to political justifications (Christman, 2002:27).

With the rise of a new European class of bourgeoisie, a civil society emerged to protect the individuals against feudal rule (Bruyn, 1999:25). The royal government replaced

Classic liberalism emerged as a response to the problems Europe faced as it abandoned its feudal and medieval past (Schumaker et al., 1996:44). The world of commerce and business became an alternative to feudalism and the economic markets began to take on an important role in organising economic life (Schecter, 2000:26). The increased growth and the complexity of life in Europe associated with the colonies it acquired, required new systems of law and trade to cope with these demands (Cooper et al., 1998:4). This led to improved and changed systems of tax collection, recordkeeping and administration (Cooper et al., 1998:4).


The eighteenth-century was characterised by debates that criticised arguments of Hobbes and Locke and the doctrines of the Enlightenment (DeLue, 1997:143). The American context was earmarked by debates described as “Enlightenment” while in the
European context, modernity was described as the “Renaissance” (Pieterse, 2001:21). Enlightenment challenged absolutism. Enlightenment discourse followed Judean-Christianity and developmentalism arose from a rejection of religious explanations (Pieterse, 2001:25). Thoughts challenged the transparency against state secrecy and mutually reinforced pursuits of morality and politics (DeLue, 1997:143; cf. Schecter, 2000:30). Montesquieu proposed a new conception of the governing processes in 1748 in which he argued for the separation of constitutional powers into three distinct parts, namely; legislative power, executive power and the judicial power (Gildenhuys & Knipe, 2000:95).

Britain, the industrial and political world leader, influenced governing processes. Industrialisation was seen as the birth point of complex economic organisations and organisational theory (Cooper et al., 1998:207). The classic organisation model associated with the factory system found its theoretical underpinnings in the free market model laid down by Adam Smith (1723-1790) in 1776. His free market model provided powerful arguments against existing government regulations and systems of market regulation (Szirmai, 1997:56; cf. Cooper et al., 1998:207). He encouraged free markets with no rules thereby revolutionising organisational thinking and specialisation (Szirmai, 1997:57; cf. Cooper et al., 1998:207). Against a background of views on market principles and government interference Rousseau (1712-1778) and Immanuel Kant explored class differences in society and the resulting inequalities that influenced wealth and political power in society (Heywood, 1994:52; cf. DeLue, 1997:150). Rousseau believed that citizens must determine the nature of common good through a collective interaction in a legislative setting. He pleaded for a doctrine of liberal civil society and encouraged democratic participation that protects individual rights through a social contract which embodies the general will of the people (DeLue, 1997:159; cf. Christman, 2002:49, 51). Unlike Rousseau, Kant advocated the protection of intellectual freedom and criticized those who restricted public reasoning or introduced laws that restricted the social and political life (DeLue, 1997:163). Kant’s views on civil society which are important precursors to the theories of civil society and the public sphere describe speech and action as crucial for the functioning of democracy (Schumaker et al., 1996:62; cf. DeLue, 1997:167; cf. Schecter, 2000:34).
5.3.2.1 Ideologies of the nineteenth century

The expansion of economic forces changed the notion of the private sphere and civil society and challenged the integrity of the state (Schecter, 2000:37). Ideologies that had the greatest impact on western political thought emerged as classic liberalism, socialism and conservatism (Heywood, 1994:7, 8). Each ideology spawned a range of traditions, movements and perceptions. Annexure E investigates the perceptions of each ideology and its impact on shaping the role of government. Each ideology also brought with it alternative movements that influenced policy outcomes and decision-making.

The political philosophy of Georg Wilhelm Friedrich Hegel (1770-1831) influenced both the liberal and fascist thinkers and introduced a period of economic expansion which came to dominate civil society (Heywood, 1994:4; cf. Schecter, 2000:37). His writings portrayed the state as an ethical ideal founded on universal altruism. Hegel’s modern state is predicated on a constitution that defines the state’s nature and the institutions that carry these principles into practice (DeLue, 1997:186). For Hegel, the state stood above the particular interest of civil society and provided the basis for moving society towards a concept of welfare. He introduced the theoretical underpinnings for an economic welfare state (Heywood, 1994:21).

Principles such as equality of opportunity and social justice became an integral part of the modern liberal thinking and the nineteenth century reforms (Heywood, 1994:9; cf. Schumaker et al., 1996:47; cf. Barr, 1998:19). It became evident that prosperity and social stability could only be brought about through government interventions in the form of welfare provision and the management of economic life (Heywood, 1994:9) John Maynard Keynes (1883-1946) contributed significantly to the social welfare state idea (Chatterjee, 1996:246; cf. Gildenhuys & Knipe, 2000:35). The concepts of a social welfare state are based on the ideologies of a mixed economy (combination of capitalism and socialism) that emphasised the communal basis of the state (Chatterjee, 1996:246; cf. Needler, 1996:42; cf. Gildenhuys & Knipe, 2000:36). Most western countries including the United States have mixed economies. The Keynesian concept taught the state to manage capitalism by using its power of spending as an instrument to counter inflationary trends by encouraging investment. The Keynesians argued that the government must not enter the domain of the private entrepreneur. This meant that government accepted the responsibility for supplying public services by which the
minimum economic and social requirements for existence are guaranteed (Gildenhuys & Knipe, 2000:35).

When the colonial powers took their emerging economic models to the developing world and applied market justice principles to the colonies, it resulted in increased bureaucratic problems (Bruyn, 1999:2). This was tied to the difficult problem of demarcating a vast but not clearly demarcated territory. The Berlin Conference of 1884/5 became a mechanism between the European powers to collude for their common good and peacefully divide Africa (Herbst, 2000:22). Many of the development theories applied in these colonies by westernised industrial powers were first and foremost theories of economic growth and economic transformation without the application of any social dimension (Martinussen, 1999:5). The development theories rarely concerned themselves with political or cultural considerations and did not question the extent to which political or cultural factors influenced economic development (Van der Velden et al., 1995:21; cf. Martinussen, 1999:5). Industrialisation was separated and not seen as part of colonial economics because the competitive advantage of colonies was solely based on the export of raw materials for the industries of metropolitan countries (Pieterse, 2001:6).

While social dimensions had little or no impact on the development thinking for developing countries, this was not the case for the westernised and developed countries (Martinussen, 1999:5). Robert Nozick rejected the needs-based principle of justice and any presumption in favour of equality. He championed the “principle of justice” based on the idea of rights and entitlements. Human rights became the core from which his thoughts evolved. Robert Nozick clarified and extended on the liberal principles of market justice with his entitlement theory in which he questioned whether the distribution of wealth and “distributive justice” are justified on the basis of people’s contribution to the marketplace (Schumaker et al., 1996:67; cf. Goodin & Pettit, 1997:203-204; cf. Barr, 1998:74). The welfare liberals advocated numerous economic and political reforms and contemporary liberalism now emerged as “welfare-state liberalism” (Needler, 1996:43; cf. Schumaker et al., 1996:76).

John Stuart Mill (1806-1873), David Ricardo (1772-1823) and Thomas Maltus (1766-1834) shared Adam Smith’s preference for free markets and the laissez-faire policies. They believed that government should intervene as little as possible in the economic
process (Szirmai, 1997:57; cf. Cooper et al., 1998:8). Mill criticised laws, social arrangements and systems of education that influenced individual liberty. He encouraged liberal reforms that supported production of goods according to capitalist principles arguing that government had to distribute the goods in a more equitable manner (Heywood, 1994:114; cf. Schumaker et al., 1996:237; cf. DeLue, 1997:199; cf. Szirmai, 1997:57; cf. Cooper, Brady et al., 1998:8). However, to distribute goods in a more equitable manner demanded complex bureaucratic systems and reforms. Government’s role changed as it separated the role of the state from the economic process. This demanded widespread reforms that supported the ideological framework that contributed to the purpose and functions that drive government goals and objectives. In response to these widespread reforms, Woodrow Wilson (1856-1924) argued that government administration must be separated from political and policy concerns (Fry, 1989:2; cf. Denhardt & Denhardt, 2003:6). He believed that public administration should be concerned with detailed and systematic execution of public laws (building of hierarchies and controlling them through authority) while politicians should determine the tasks of an administrator (Fry, 1989:2; cf. Cooper et al., 1998:7). Based on these arguments Wilson called for the development of a science of administration (Fry, 1989:2; cf. Henry, 2001:28; cf. Denhardt & Denhardt, 2003:6). Political scientists created these ideas into what came to be called the politics/administration dichotomy (Cooper et al., 1998:7; cf. Henry, 2001:28). Thinkers of the politics/administration dichotomy wanted to clarify roles so that public administrators could work more efficiently (Henry, 2001:28; cf. Denhardt & Denhardt, 2003:6).

In the late nineteenth century (1887), public administration emerged as an academic discipline in the United States of America (Fry, 1989:2; cf. Cooper et al., 1998:1; cf. Henry, 2001:27; cf. Van Dijk, 2003:32). The field of public administration was founded as a profession based on the improvement of service efficiency and the enhancement of service delivery (Cooper et al., 1998:1). Frank J. Goodnow contended that two distinct functions of government were provided through the separation of powers. On the one hand, politics had to do with policies and expression of the will of the state while, on the other hand, administration were actions involved with executing the policies (Henry, 2001:28).

Parallel to the developed countries, neo-Marxists in the developing countries such as Samir Amin and Arhiri Emmanuel, formulated theories of unequal exchange. Their theories emphasised the structural characteristics of the economies of the developing countries. Both Marxists and structuralists were in favour of government planning and highlighted the importance of the role of the state in the development process. They were against free market policies in the developing countries. Paul Baran indicated that capitalism applied to the developing economies, differed significantly from capitalism in advanced and developed economies (Szirmai, 1997:72; cf. Martinussen, 1999:86). Andre Gunter Frank analysed the exploitive relationships running from the centres to the periphery and rural sectors.

5.3.2.2 Ideologies of the twentieth century

Widespread reactions to classic liberalism resulted in the development of ideologies such as traditional conservatism, anarchism and Marxism. The influence of each of the reactions to classic liberalism changed the role of the state as well as its functions and objectives. As public administration was concerned with detailed and systematic execution of public laws determined by politicians the impact of the ideologies on future roles of the state cannot be ignored. The ideologies of the twentieth century played an important part in the evolvement of current trends that shape public administration and management.
Marxism later spread into the totalitarian ideologies, namely; communism, Nazism and fascism. The democratic ideologies played an important role in shaping ideas about politics and the strong-state principles. The revolutionary ideologies of Marxism resulted in democratic socialism (Annexure E: 304). Marxism influenced the development thinking of the twentieth century. Nascent ideologies such as religious fundamentalism, environmentalism and feminism became more prominent and visible in debates on development thinking as the role and contribution of women in society strengthened (Pieterse, 2001:11).

Long-term trends in development theory and general shifts in social science brought many changes in perceptions and knowledge (Pieterse, 2001:11). This meant a shift from the classic and modern thinking structuralist perspective whose ideas centred on large-scale patterning of social realities through structural change to the economy, the state and the social system towards more agency-orientated views (Preston 1996:183; cf. Pieterse 2001:11). Schumpeter (1883-1950) was primarily interested in the twentieth-century capitalism (Szirmai, 1997:60). He believed that capitalism characterised a “gale of creative destruction”, undermined by its success rather than the failures identified by the Marxists. Capitalism generated new forms of injustice and inequalities which became a driving force behind Marxism. The influence of Marxism implied a shift towards institutional and agency-orientated views. These changes emphasised macro policies, intersectoral co-operation, social diversity, human security, gender and environment as well as changes in development co-operation and structural reforms (Pieterse, 2001:12).

Europeans showed a commitment to liberty and democracy and sought to fuse the liberal ideals with other ideologies such as democratic socialism rather than to reform towards liberalism (Schumaker et al., 1996:238). For the Americans, liberalism remained an ideal American enterprise that was reformed into contemporary liberalism in the early twentieth century. This contemporary liberalism extended democracy, reformed capitalism, enhanced the role of government and developed to include more egalitarian theories of justice (Schumaker et al. 1996:238).

The contemporary liberalism influenced development thinking and economics. Herbst (2000:21) indicates that a major flaw and constraint in explaining development in the African states was based on applying the European experiences when they were trying
to understand state development in the African states. He stresses that the European experiences do not provide a template for state-making in other regions, although this became a measuring tool by which performance was measured and analysed in development discourses (Herbst, 2000:22). During this period, the core meaning of development for the colonial economies was based on economic growth enhanced by the application of the growth theory and big push theory (Pieterse, 2001:7). Unfortunately, these theories rarely concerned themselves with political or cultural considerations (Martinussen 1999:5). Herbst (2000:29) emphasises that: “…The colonial state in Africa lasted in most instances less than a century – a mere moment in historical time. Yet it totally recorded political space, social hierarchies and cleavages, and modes of economic production. Its territorial grid – whose final contours congealed only in the dynamics of decolonisation – determined the state units that gained sovereignty and came to form the present system of African polities”.

The science of democracy changed perceptions and the nature of the field of public administration (Kettl, 2000:488). The formal study of organisations began to expand towards a behaviourist approach where the main concern was centred on what managers do in order to understand public management. The modernisation theory of the 1950s focused on growth, political and social modernisation, fostering entrepreneurship and achievement orientation (Pieterse, 2001:7). The modernisation theories were conceived within traditional feudal societies as a stage preceding modern economic development (Szirmai, 1997:73). Central to the change from Fordism to post-Fordism were changes in the structure of production, the organisation of labour processes and strategies of management. Henri Fayol (1841-1925) and Luther Gulick became important creators of management concepts applied to large-scale organisations (Cooper et al., 1998:212). Gulick focused on the span of control and its impact on efficiency. Managing large-scale organisations in both the public and private sphere brought the newly developed field of organisational theory to centre stage. The formal study of organisations took shape in the form of the classic organisational model which served as a foundation for bureaucratic systems (Cooper et al., 1998:207).

Taylorism and the principles of “scientific management” subjected labour to rigid time mechanisation to improve performance outcomes in a formal and mechanistic way (Roux et al., 1997:74; cf. Cooper et al., 1998:207). This also became part of Rostow’s
“Stages of Growth” (1960) in which he sketched a stage theory of economic growth (Szirmai, 1997:62; cf. Pieterse, 2001:6). Public administration became the device to reconcile social demands with democracy through bureaucracy (Szirmai, 1997:63; cf. Henry, 2001:3). These changes brought about the rejection of the politics/administration and the principles of administration dichotomy. It was accompanied by a shift in focus in which political scientists insisted that public administration could no longer be separated from politics (Henry, 2001:33).

The 1960s marked the growth of the welfare state, free speech, civil rights movement and antiwar demonstrations and prompted citizens to rethink their allegiance to contemporary liberalism (Martinussen, 1999; cf. Rothstein & Steinmo, 2002). The dependency theory embraced economic growth under the heading of accumulation. Unfortunately its distorted form “dependent development” evolved into “development of underdevelopment” (Martinussen, 1999; cf. Pieterse, 2001:6).

As a welfare consensus emerged in the Westernised countries one saw a movement that embraced democratic socialism, contemporary liberalism and contemporary conservatism (Heywood, 1994:226; cf. Schumaker et al., 1996:17). Annexure F provides a comparison between contemporary liberalism, contemporary conservatism and democratic socialism.

During the 1970s, development thinking moved towards alternative development initiatives in which new understandings of development came to the fore which focused on social and community development. Hamza Alavi was one of the first social scientists to draw attention to the political legacy which colonial rulers left behind. He argued that the colonial state was overdeveloped in relation to the societal structures. The governmental apparatus was created to suit the colonial interests (Martinussen, 1999:183). At the same time, due to a marked increase of public expenditures in social spending, tax revolts known as the “welfare backlash” and “re-privatisation” of the welfare state occurred. This changed the relationship between the public and private sectors of welfare. The welfare backlash was not simply a reaction against high public expenditures but was also based on the speed at which social spending increased. This led to the restructuring of the welfare state, described as reprivatisation. Reprivatisation meant a movement away from direct state provision of services to public subsidisation
and the purchase of privately produced services. This period laid the basis for developments that changed policy-making approaches and the role government plays in providing social services. One can thus argue that the origin for the conceptualisation of public-private partnerships started at this point.

Western democracies of the 1970s and 1980s saw a rise in new ideological perspectives such as Feminism, Black Nationalism, Environmentalism and various types of religious fundamentalists. The nascent ideologies such as fundamentalism, environmentalism and feminism should not be ignored as their ideas and knowledge influenced current political practices and shaped policies. Their views had significant impacts on the application of concepts of Fordism and post-Fordism to welfare. This meant that changes in the development of the welfare state occurred by analysing and restructuring welfare in the industrialised countries. The amount of influence depended on their power base and how much control they had to sway policy agendas within democratic societies. Annexure G highlights the difference in goals, philosophical base and the political principles which guided decisions and actions of Fundamentalists, Environmentalists and Feminism.

The most extreme form of state intervention and control was found in the totalitarian states in which the essence is the construction of an all-embracing state whose influence penetrates every aspect of existence (Heywood, 1994:45). Communism, Fascism and Nazism rejected Capitalism and Liberalism. Communism became entrenched in tyrannical and totalitarian regimes (Schumaker et al., 1996:203; cf. Szirmai, 1997:59). The crumbling of the communistic block and the collapse of the Soviet Union in 1989 are widely interpreted as the end of communism as an attractive ideological alternative. Its impact on shaping the role of government cannot be ignored as one can only understand recent world history and the current conditions prevailing in many countries when the ideas central to communism are grasped (Schumaker et al., 1996:175,179; cf. Szirmai, 1997:59). Parallel to the crumbling of the communist block a wave of democratisation swept Africa in the 1990s. The revolts against African authoritarianism were largely urban affairs with little participation of rural groups.

The late twentieth-century welfare state views staged intense debates over equality (Heywood, 1994:226). The era of reinvention represented a countermovement against
the new public administration which ranged from incremental changes to radical reforms (Greene, 2005:66). Movements towards egalitarianism, welfarism and state intervention occurred. These movements proposed the idea that the poor had the right to be protected and governments should provide basic health services and various forms of welfare based on social justice (Heywood, 1994:44; cf. Schumaker et al., 1996:283; cf. Barr, 1998:277). In the 1980s, the core definition of human development was “the enlargement of people’s choices”. Two radical perspectives on development came to the foreground, namely; neo-liberalism and post-development (Pieterse, 2001:6). These development perspectives were influenced by the philosophies of the contemporary liberalists. The neo-liberalists wanted market forces to determine prices and believed that economic growth would be achieved through structural reforms, deregulation, liberalisation and privatisation. The post-development perspectives used authoritarian engineering, and development served as a mirror of changing economic conditions and social capabilities, priorities and choices influenced by the ideologies followed by a country (Pieterse, 2001:7). The structural changes applied in the developing country presented different changes in the structure of employment than in developed/advanced countries (Pieterse, 2001:7). The outcomes initiated through structural adjustment programmes (SAPs) as proposed by the Bretton-Wood institutions, did not align the needs of those in the developing countries. This occurred because the developing countries did not follow the traditional shift from agriculture to industry followed by the shift from industry to services, but instead agriculture developed parallel to the industrial sector which explains the expansion of government sectors in the developing countries (Szirmai, 1997:88). The growing gap between how power is exercised in Africa and the international assumptions of how states operate, are significant (Herbst, 2000:3). It became evident that the success of interventions in Africa and other developing countries depends on understanding the nature of state building by analysing the problems of state consolidation from precolonial periods through the short and intense interlude of formal European colonialism to the modern era of independent states (Herbst, 2000:4).

By the beginning of the twenty-first century public finance and public policy decisions of governments had extensive impacts on individual lives (Hillman, 2003:600). The focus was on “public good”. Public policy determined that the supply and distribution of goods and services enhanced public good while public finance identified available revenues
and determined efficient spending on public goods and services (Hillman, 2003:600; cf. ODI, 2004).

5.4 State intervention: the role of the state in health and health care
As a result of the failures in structural adjustment programmes (SAPs) and development initiatives the outcomes promulgated through Westernisation, no longer seemed to be such an attractive alternative for the developing nations. Development education and programmes often highlighted the causes of rather than the results of poverty. This scenario was emphasised by economic, political and social constraints in the north-south relationships. The causes of poverty were tied to ideologies, development thinking and colonialism which caused increased discomfort for northern governments. The differences became more apparent where the complexities of cultural diversity and local culture were re-evaluated (Pieterse, 2001:1).

Even with the failure of development programmes health, health care and education improved in the poorest countries. Improved health care and education strategies dominated the political landscape in terms of the model of a constitutional democracy in which regulated but competitive economic markets overruled political thinking and philosophy. Central to all these philosophies, questions explored, included:

- The political authority and its approach to find the most fair and just distribution or allocation of material goods and social benefits for society. This included exploring the degree of inequalities in wealth that economic markets produced and questioned to what extent the state should promote the good of its citizens as opposed to protecting their liberty in pursuing their own good (Christman, 2002:3).
- Democracy supporting participation and states questioned their tolerance towards opposing interest groups.

These questions brought about sharp changes in how the development community perceived the role of the state over the past three decades (Pieterse, 2001:11; cf. Van de Walle et al., 2003:4). The role of the state changed considerably as its emphasis under state-led, market-led and society-led periods shaped intervention strategies. State-led strategies influenced the first period from 1960 to 1980 in which an interventionist role for central government was considered essential to overcome market failures (Van de Walle et al., 2003:4). With a shift towards market-led strategies during
the 1980s, it was believed that government failure and unintended effects of government intervention were far worse than the market-induced ills it was designed to overcome. Society-led strategies during the third period showed two sides. On the one hand, there was a growing realisation that markets left alone can result in unacceptable inequities while on the other hand, mounting evidence suggests that states are more likely to be effective agents of development when they are embedded in a network of linkages to societal institutions and organisations (Stiglitz, 2003:16; cf. Van de Walle et al., 2003:4).

Martinussen (1999:221) emphasises the different approaches between the conventional economic theory which refers to the state as an initiator and catalyst of growth and the classic dependency theories in which the actions of the state are determined by the interests of international capital. He believes that none of the conceptions offered by these schools of thought are suitable if it is the objective to reach a deeper understanding of the role and possibilities of the state in relation to the economic and social problems, especially of developing countries. Cloete and Wissink (2000:26) identify three approaches that influence policy-making and shaped the role of the state:

- A libertarian *laissez-faire* or classical liberal approach based on individualism (Barr, 1998:46; cf. Bailey, 2004:7). This approach determines that the state should concern itself with the maintenance of law and order, the protection of society and of property, establishing conditions conducive to the promotion of free enterprise and limited state interference with the lives and activities of individuals.

- Socialist or collectivistic approach framed within a protectionist approach (Barr, 1998:54; cf. Bailey, 2004:9). This approach emphasises the state’s control over the economy through economic institution which functions as government enterprises and tend to be in favour of public provision of goods. Their values are strengthened by union and employer organisations or conservative and socialist parties.

- Welfare statism or neo-liberal approach. This approach determines that the promotion of the highest degree of material and spiritual well-being is the task of the state focusing on the well-being and differences in class structures (Barr, 1998:48; cf. Bailey, 2004:8).
Each of these three approaches applies different methods of state intervention through regulation, finance and public production or through a mix of the intervention methods. However, all the intervention methods involve direct interference in the market mechanisms (Barr, 1998:77, 83; cf. Bailey, 2004:20). The role of the state becomes a key variable in every social security system and is an important feature to distinguish between countries and the role the state is accorded as a provider of welfare.

An effective state and a stable political environment are vital for the provision of goods and services (Van der Velden et al., 1995:23; cf. World Bank, 1997; cf. Bovens, Hart & Peters, 2001:12). An effective state is necessary for wealth-creating initiatives and well-being of individuals. Health is interwoven into the fabric of well-being and includes a whole range of human experiences such as the spiritual, psychological, social and material experiences. These basic indicators express the embodiment of responsible human well-being and are formulated by sustainability, equity, and security in livelihoods in the creation of opportunities through capabilities. Without an effective state, sustainable development both economically and socially is not possible (Van der Velden et al., 1995:23; cf. World Bank, 1997; cf. Barr, 1998:69). Growth can be used to sustain investment necessary in public goods such as health care and may lead to reduced poverty, resulting in changing the determinants of health (Labonte et al., 2004:4).

The main issues that influence sustainable development concern the ability to find a balance between economic efficiency and social justice (Barr, 1998:69). Barr (1998:69) claims that the efficiency aim is common to all theories of society, but that redistributive goals depend on which definition of social justice the state chooses; and the conditions in which the market will allocate efficiently combined with the measurement of social and private costs and benefits. These issues determine the type of role the state should adopt to bring about equality of access, opportunity or outcome (Barr, 1998:69). The power balance between the citizen and the public sector can weigh in favour of either one. The type of power balance applied by each determines the method of state interference, the degree of empowerment and values each would utilise towards decision-making and accessibility of services distributed (Barr, 1998:277; cf. Rothstein & Steinmo, 2002:24). The main aim is to develop a framework which explains and justifies the fact that the state produces and allocates some goods and services such as health care, welfare and education but leaves other goods to the private market (Barr,
1998:68). Figure 5.1 presents a framework determining effective state interference tied to the health care system.

**Figure 5.1: Effective state: methods of state interference in health**

![Diagram of effective state and methods of interference]


It is evident from Figure 5.1 that economic efficiency becomes a policy aim central to welfare economics that facilitates the best use of limited resources given people’s preferences. Productive efficiency, efficiency in product mix (allocative efficiency), efficiency in consumption and administrative efficiency must be in equilibrium. The relationship between efficiency and social welfare is based on determining which

A *Pareto improvement* is defined as a situation in which some people are better off but no one is worse off as a result of the undertaking (Campbell & Brown, 2003:4; cf. Hillman, 2003:10,11). According to Hillman (2003:10), Pareto efficiency for production is achieved when: “… no more of any one good can be produced without giving up some quantity of another good*. *Pareto efficiency* therefore defines the absence of waste (Hillman, 2003:10). Moreover, efficiency relates to the overall size of the health sector as a proportion of the gross domestic product (GDP). *Allocative efficiency* is concerned with producing quantity, quality and the correct mix of health interventions whereby it provides more valuable health interventions for which society has the highest value (Cullis & Jones, 1992:3; cf. Barr, 1998:73; cf. Lee et al., 2002:123).

*Internal efficiency* includes preventive care and health education which, according to Barr (1998:279) and Lee et al. (2002:123), bring about the greatest improvement in health. Product efficiency is concerned with the running of medical institutions. As Lee et al. (2002:124) point out, product efficiency and health care efficiency are directly linked to a user fee policy ("Bamako Initiative) and the correct use of inputs (staff). Throughput is determined by information. Measuring health care efficiency is complex because asymmetric information in the health care sector creates problems as consumers have to rely on the recommendations of doctors and are not given the chance to choose between alternative treatments (Brent, 2003:6; cf. Abedian et al., 2003:185-186; cf. Hillman, 2003:618). The people making decisions about health-care expenditures are not the people paying the costs. This introduces the possibility of opportunistic behaviour, deception or fraud as well as increasing the risk of excessive health outlays by medical practitioners (Hillman, 2003:618). Asymmetric information encourages adverse selection in markets by systematically imposing costs on others who know that they have a lower than average likelihood of acquiring medical care. Rather, adverse reactions can be avoided by making both private and government health insurance an

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4 The Bamako Initiative was developed by the World Bank in 1992 as an alternative model for user fee policy. The missing quality component in public health services was identified in poorer communities as drug supply. The Bamako Initiative also recognised that all people of all income groups shop around for health services (Lee et al., 2002:123).
entitlement to the entire population (Hillman, 2003:621). Low-risk people then systematically subsidise the health costs of high-risk people.

A crucial point in any health system is that it must constitute a genuine strategy. Barr (1998:318) identifies two types of effective strategies:

- Mainly through public funding (taxation and social funding) plus public production.
- Mainly through public funding plus private production plus regulation to contain costs (public-private partnerships).

What stands out in literature is that no health system is perfect. Governments who use non-market mechanisms such as risk pooling, social insurance funds, block-funds and cross-subsidisation to deliver services, are challenged as anticompetitive in terms of GATS. The relationship between health systems and economic development continues to be a much-debated topic. In short, health policy means different things to different people but for most, health policy is concerned with content. It is all about finding the best method of financing health services, which all boils down to who influences the policy decision process and how this process happens.

The changing environments tied to new perspectives and problems involve co-operation among government, civic and international organisations and market forces. Increased importance is given to issues of human development, social choice, public action, urban development and local economic development initiatives (LED) involving inter-sectoral partnerships (Pieterse, 2001:17). For government at local and national spheres, this involves a co-ordinating role as facilitator and enabler of intersectoral co-operation (Pieterse, 2001:17). Combined with the forces of competition and globalisation the increased complexities of intergovernmental and intersectoral relationships are making public law and legal processes more important. Increased attention to public law issues is required to structure new mechanisms to deal with the complexities of fiscal, social and economic relationships in order to provide tools that meet the challenge together with the growing demand for accountability, empowerment and flexibility (Cooper et al., 1998:29).
5.4.1 Building state capacity
Current debates focus on the role of government concerning its economic aspects and on questions of who should provide the services and goods (Hughes, 2003:71). The government has a variety of roles of which the full scope is often difficult to measure. The government’s role has become more problematic and complex over the past decades (Bovens et al., 2001:12). Finding the most suitable option to produce goods and services therefore raises the question whether there are differences between private and public domains and how this impacts on decision-making processes, human resources and organisational and management structures (ODI, 2004:1). As the market mechanism alone cannot perform all the economic functions, public policies are needed to guide, correct and supplement the market in certain respects (Hughes, 2003:77; cf. ODI, 2004:2).

The public sector has an important role to play in determining the real living standards and quality of services in community care, the environment, health and welfare through economic development. Governments utilise various mechanisms to intervene and encourage this process. Table 5.1 presents a layout of these mechanisms as identified by Hughes (2003:81) and Farnham and Horton (1996:27):
### Table 5.1: The role of government and mechanisms of intervention

<table>
<thead>
<tr>
<th>Role of government</th>
<th>Mechanism of intervention</th>
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<tr>
<td>The government as <em>an enabler</em> through provision where goods and services are provided through the government budget.</td>
<td><strong>Subsidy</strong>&lt;br&gt;A subcategory of provision where the government assists someone in private economy to provide the goods or services. The private sector provides particular goods or services with some assistance of the government. The government is mainly involved in the monitoring of efficiency of provisions.</td>
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| The government as *a facilitator and co-ordinator* occurs through the production of social goods or public production. The government produces and monitors goods and services for sale in the market with its emphasis on the public choice theory by utility-maximising bureaucrats. | **Internal markets or managed competition:**<br>Public organisations provide services but are encouraged to compete with one another for either the contract or individuals. The purchased-provider system introduced in health services is an example of this (Farnham & Horton, 1996:28).  
**Contracting out public services to private suppliers** (Public-private partnerships). Central and local governments use private construction companies to build public schools and hospitals (Farnham and Horton, 1996:28). |
| The government as *a regulator.*         | **Regulations** which involve using coercive powers of the state to allow or prohibit certain activities in private economy. Regulations can be either economic or social and encourage actors to undertake certain activities, enabling value choices to be redefined in technical terms to fit the dominant political ethos. |


Building state capacity to ensure that these mechanisms are effectively, efficiently and economically applied requires administrative reforms that are simultaneously aligned with political demands and with the existing administrative structures and economical factors. Administrative reform became intertwined in the broader political economic
context and resulted in a spectacular growth of quangos or quasi-non-government sectors in health, education, agriculture and housing in both the United Kingdom and the United States (Skelcher, 1998:2). A range of common trends occurred in public administration which transformed the role of the public administrator. These trends impacted on how government shaped its role as enabler, facilitator and regulator. Cooper et al. (1998:389) identify the trends as deregulation, delayering, decentralisation, reengineering, privatisation, accountability enhancements and technological developments.

5.4.2 The role of government and the New Public Management (NPM) movement
Since the 1980s and 1990s, changing perceptions in public administration and management had a significant impact on the design of service delivery structures in both the United Kingdom and the United States (Skelcher, 1998:40). The business model for quangos arose from some underlying belief that private business is better and more efficient and effective in getting the job done. Fiscal constraints pressured government to reform bureaucracies. These reforms did not necessarily translate into increased state capacity. Through the reforms, the re-emergence of bureaucracies were seen as a multiplicity of smaller bodies in contractual and market-type relationships (Cooper et al., 1998:145; cf. Skelcher, 1998:197). The interpretation of choices was influenced by human motivation and social organisation. Purchasing and delivering of services were interpreted as a managerial task to be undertaken by business-oriented expertise (Skelcher, 1998:2,197). This first wave of reforms included privatisation and deregulation which reduced and redefined the state’s functions (Kraan, 1996:197; cf. Rothstein & Steinmo, 2002:59). Advances in public choice theory provided the cause for privatisation (Cullis & Jones, 1992:18; cf. Kraan, 1996:9-10; cf. Hyman,2005:184). The launching of budget cuts and programme reforms together with demands for improved performance highlighted the importance of the quasi-non-governmental sector and brought public-private partnerships to the fore in public discourse in the United States during the 1980s (Salamon, 1995:3).

In the 1990s, capacity-building reforms and good governance became focal points of development. Administrative reform became part of the evolving “Washington consensus” in which inefficient states were blamed for postponed growth and social development (Munshi & Abraham, 2004:111; Maxwell, 2005:1). The Washington
consensus argued for unregulated markets and free trade with conservative fiscal and monetary policies for macroeconomic stability as the fit-all formula for global development (Munshi & Abraham, 2004:111). It included a new focus on what constitutes good governance. Governance constitutes both policies and processes while development is seen as the consequential outcome of governance. Four notable characteristics, which included decentralisation, task specification, output focus and performance contracting, became integral parts of capacity-building reforms and good governance strategies during this period. A major problem for reformist governments that adopted decentralised policies in pursuit of efficiency and effectiveness improvements in the public service was to keep the decentralised structures accountable. This was further complicated by three specific characteristics of public bureaucracies that increased the lack of efficiency and effectiveness, namely:

- Monopolistic structures of public service markets.
- Absence of valid indicators of organisational performance.

Figure 5.2 presents the emergence of quasi-autonomous government organisations, quangos (developed world) and “parastatals” (developing world) and describes how the NPM movement influenced the economic and political choices towards building state capacity through privatisation of production with special emphasis on contracting out and competitive tendering and public-private partnerships (Wollmann, 2003:5). The NPM movement guided institutional reforms such as downsizing, agencification, contracting, outsourcing and performance management (Wollmann, 2003:3). Privatisation complemented the economic welfare state idea as it is directed at the rationalisation of the supply of goods and services in the most effective and efficient way (Gildenhuyys & Knipe, 2000:213). Figure 5.2 illustrates the evolvement of PPP within the NPM movement.
The NPM has two strands; the first strand derived from the “new institutional economics” based on public choice while the second strand derived from managerialism (Ranade, 1997:30). Core state functions, such as tax collection, maintaining monetary stability and law enforcement became crucial issues in administrative reforms. The emergence of the market and consumerism occurred in the period from 1997, as well as the process of managerialism which formulated the emergence of the NPM. This included the
Decoupling of operational units from direct political control as a result of contracting and hiving-off (Wollman, 2003:3).

Tensions between managerial discretion and democratic accountability led to the investigation of governance-related issues with an emphasis on financial responsibility (Wollmann, 2003:5). The ideas and practices of the NPM reshaped thinking about public policy and management (ODI, 2004:1). Critics argued that the dominant paradigm of the NPM was an updated version of Taylorism which developed from Fordist labour disciplines and controls because developments reflected contradictory tendencies bringing with it new rigidities and flexibilities for employee and employers (Ranade, 1997:30).

Public services were restructured in order to enhance efficiency and improve negative economic growth with shrinking tax bases towards positive economic growth with a broader tax base. Emphasis was placed on more competition by introducing the private market discipline into public administration domain which meant a more open and accountable culture with results and citizen-orientated governments (ODI, 2004:1). Because less conflict existed between the sectors of the market the pursuit of contracting in the public sector became a preferred option of purchasing through procurement processes. The public managers had to be more aware of the financial implications of their spending decisions and their commitment to the delivery of high quality public services (Gaster & Squires, 2003:41-42; cf. ODI, 2004:1). However, contracting systems were often inordinately complex. Mechanisms of accountability changed. In the United Kingdom, the so-called Westminster model influenced decision-making and determined who was responsible, while the United States emphasised legal accountability. A tendency in recent years has been to converge these two poles with an increased importance placed on market accountability (Cooper et al., 1998:398). Cooper et al. (1998:399) state that market accountability emphasises performance measures of accountability in which service to customers is the metaphor used to guide assessment. They further claim that market accountability emphasises:

- Economic efficiency and cost dimensions.
- A cost-benefit approach in which a government action meets the test of market accountability.
Performance standards anchored in an input/output efficiency model which measures outcomes.

Client satisfaction if customers receive adequate levels of quality service at a good price.

Recognise citizens as consumers or customers.

There are, however, a number of difficulties associated with the application of market accountability measures or market-choice models. These difficulties are integrated with budgeting systems and tax systems. Within a market accountability system, one assumes that public policies should function as fee-for-service operations. However, social development policies are not created as a fee-for-service because most customers are unable to pay for services. Also social and health care systems operate in synergy. In applying market-based approaches, charging user fees contributes to revenues and efficiency (Cooper et al. 1998,399; cf. Lee et al. 2002:100). It is argued that efficiency and equity will be achieved by introducing user charges for public health service improvements (Lee et al. 2002:100).

Market-based approaches transformed budgeting and allocative processes, shifting from the “due process approaches” to public expenditure management (PEM) which highlighted the complexities involved with various actors and institutions in the budget process and linked expenditure with measurable results (ODI, 2004:1). The quality of services forms the basis of specification in the contractual agreements of partnerships. However, Farnham and Horton (1996:93) argue that problems arise when the government’s policy towards social welfare programmes are not in accord with its willingness to commit the necessary financial resources to fund these initiatives. Also, as soon as the options for improving value for money through procedural, managerial and financial initiatives have been exhausted, the overall public funding is the only variable that can be adjusted. This means that politics replaced managerial rationality which resulted in an increase in state funding for these services or that the state withdraws from providing these services leaving it to individuals, families, voluntary groups or private organisations to take on the responsibility to deliver these services (Farnham & Horton, 1996:93).
With the introduction of quangos or public-private partnership agreements the effectiveness of traditional hierarchical public service models was questioned, as well as the feasibility of applying bureaucratic models and capitalism to current changing public administrative environments. The traditional model of public administration has been replaced with a new model of public management that focuses on serving instead of steering (Hughes, 2003:281). A New Public Service approach developed in which outcomes of the previous New Public Management model were improved. Worldwide, administrations were realising that they should “listen” rather than “tell”, and “serve” rather than “steer” the governance process. These views gradually changed the essence of public administration and how service outcomes in the developed and developing worlds were defined by governments. Along with changing environments, the Washington consensus was replaced by a new and improved orthodoxy called the “meta-narrative”. Maxwell (2005:3) notes the direct link between the Millennium Development Goals (MDG) and the Washington consensus. The linkages of MDGs with rights, equity and social justice emphasised national poverty reduction strategies, macro-economic policies, and strengthened the need for effective public expenditure management in the developed and developing countries (Maxwell, 2005:4).

In the developing countries, administrative decentralisation became a mechanism for administrative reforms. Administrative decentralisation supported programmes and enhanced development objectives with the improved provision of public goods and services (Coopers et al., 1998:391; cf. Cohen & Peterson, 1999:24). The improved provision included restructuring of public service organisations through contractual or semi-contractual arrangements with the emphasis on developing competition in the delivery of services, cost reduction and greater use of managerial techniques, as well as a customer orientation in the provision of public services (Munshi & Abraham, 2004:157). Partnership agreements gradually dominated restructuring efforts. Various frameworks for administrative decentralisation were implemented to achieve improved provision of services. According to Cohen and Peterson (1999:4), these frameworks depended on:

- The different forms of decentralisation such as political, spatial, administrative and market decentralisation.
- The different types of decentralisation such as deconcentration, devolution and delegation.
Decentralisation became an instrument to assist with human development and improved quality of life. The success of decentralisation depended on a strong centre that provided supporting roles. The administrative design framework developed around:

- The principles of administration (accountability, efficiency and effectiveness).
- The purpose of the public sector (stabilisation, distribution and allocation).
- The properties of design (funding and monitoring) (Cohen & Peterson, 1999:105).

The stabilisation and distributional functions are based centrally while allocative functions are decentralised. New approaches included institutional monopoly, institutional pluralism and distributed institutional monopoly which shaped the networks on which partnerships were based. *Institutional pluralism*, a plurality of co-operative forms of networks, is a strategy that allows the public sector to break up monopolies over task-related roles and serve as brokers for leveraging private resources for public objectives (Cohen & Peterson, 1999:105-108). Moving from hierarchical organisations towards network organisations required that changes had to be made to the way that public services operate, the scope of activity and impacts on the processes of accountability (Cooper et al. 1998:398; cf. Hughes 2003:281; cf. Roux & Schoeman 2004:521).

### 5.5 Conclusion

The ideological philosophies (neo-liberal, collectivist and libertarian approaches) that a government supports, direct the methods of state intervention through regulation, finance and public production or a mix of the intervention methods a government chooses to apply. The role that the state is accorded as a provider of welfare (social justice) and health is the key variable that distinguishes it from different countries. This is further determined by the relative size of the public and private sectors.

At the core of an effective state is wealth-creating initiatives that enhance the well-being of the individuals. Continued growth is critical to support and finance the social models a government supports to achieve well-being. Well-being and health care initiatives are linked to each other. The businesslike approaches propagated in the NPM movement have changed the role of the public administrator as themes of efficiency, effectiveness, economy and equity (4Es) became driving forces behind reform initiatives and service delivery outcomes. Cost containment and improved service delivery demanded that a
best practice model guides strategies into finding the best options available. The next chapter analyses and compares international practices with the national environment in an aim to present new best practice standards linked to service excellence in the long term.