

# Public Sector Reforms in Germany: Whence and Where? A Case of Ambivalence\*

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## ABSTRACT

This paper presents a critical account of the development and current state of public sector reform in Germany. In particular, the paper seeks to explain why Germany appears to be a late-comer in implementing New Public Management (NPM). In doing so, the authors point to administrative and political key traditions, recall the reform history of the last three decades, and finally describe the various discourse communities which shape the current reform debate. The first part of the article takes stock of the "assets" and "liabilities" of the German administrative system in the light of public sector modernization. In the second part, the authors assess the recent changes in Germany's public sector in more detail. Although the direct impact of NPM-thinking has been rather limited so far, so the authors conclude, the advocates of the "managerialist revolution" did their important share to throw open again the "window of reform opportunity".

## I. INTRODUCTION

In the following paper we are going to argue that, with regard to public sector modernization, the development in the Federal Republic of Germany presents a somewhat ambivalent case: On the one hand, there are good reasons to believe that the German administrative system has over the years been doing pretty well by international standards, and also its administrative reform record looks rather respectable. On the other hand, there are growing indications that Germany's administrative system has reached a stage which calls for structural changes going beyond the pace and ambit of earlier reform drives. This "ambivalence" is being mirrored in the ongoing debate on public sector reform and in the conflicting discourses and "discourse communities" which influence that debate.

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The argument will be unfolded in four steps.

- \* First, a brief sketch will be given of some basic features of the German administrative system which can be seen as "assets" or "liabilities" when it comes to attaining a public administration that is decentral, efficient and accountable.
- \* Second, some key features and strands of public sector reforms over the last thirty years or so will be highlighted.
- \* Third, against this background, the questions will be taken up as to why Germany has been a late-comer in the "New Public Management" (NPM) debate, and to which degree the "ambivalence" has been shaping the ongoing reform discourse.
- \* Fourth, our analysis tries to cast some light on the impact the NPM debate has had so far on public sector reform activities. Here, we look particularly on the local government level where the quest for structural change has been felt most vigorously and numerous managerial reform projects – though arousing a lot of controversy among academicians and practitioners alike – have been implemented by now.

Before drawing up a "balance sheet" of Germany's administrative system in the light of the current international debate on public sector modernization (Hood 1991, Wright 1994, OECD 1995, Flynn/Strehl 1996), we should be quick to unveil our criteria which justify labelling certain administrative styles or traditions as *assets* and others as *liabilities*. In view of the theoretically still underdeveloped concept of administrative modernization, our argument is – at this stage of the discussion – not propelled by any specific set of organizational or democratic theories. Rather, our understanding of "public sector modernization" refers to the phenotype of current NPM reforms in advanced democracies, thus reflecting the major patterns of institutional renewal in public

administration. As vital elements of these strategies for public sector change stand out: "a greater focus on results and increased value for money, devolution of authority and enhanced flexibility, strengthened accountability and control, a client- and service-orientation, strengthened capacity for developing strategy and policy, introducing competition and other market elements, and changed relationships with other levels of government." (OECD 1995, p. 25) It is this condensed set of reform objectives and policies against which the national characteristics of the German public sector and its reform record are going to be judged.

## II. BASIC ELEMENTS OF THE GERMAN ADMINISTRATIVE SYSTEM AND TRADITION: ASSETS AND LIABILITIES

*Assets in terms of promoting decentral, efficient and accountable administration may be identified in the following characteristics:*

### a) Delegation of functions

Germany's federal system has been marked by a division of powers and functions between the Federation and the *Länder* in which, in principle, the administrative functions fall to the *Länder*. Hence, the federal bureaucracy consists mainly of federal ministries and agencies. Lacking, as a rule, regional or local offices of their own, the federal government has no hand in the execution of federal legislation and programmes which is the sole responsibility of the *Länder*<sup>1</sup>.

In a similar vein, within the *Länder* administration, the allocation of administrative functions has been particularly shaped by the use of local authorities as agents for implementing *Land* legislation. It follows from this principle that traditionally the counties (*Landkreise*), i.e. their administrative units (*Landratsamt*), have served as the bottom line administrative level and administrative "work-horses" of *Land* administration. This tendency is also fostered by the related principle of "unity of administration" according to which most of the administrative responsibilities of *Land* administration are concentrated in county administration, while the establishment of local or re-

gional offices of (*Land* or federal) government departments (*staatliche Sonderbehörden*) are seen as an exception.

### b) Political accountability and administrative leadership through "Kommunale Selbstverwaltung"

Additionally, the allocation of political and administrative functions has been guided by the time-honoured principle of local self-administration (*kommunale Selbstverwaltung*) which stipulates that "all matters relevant to the local community" are to be decided and discharged by the municipalities (*Gemeinden*) and, with regard to "supra-local" (*überörtlich*) matters, by the counties (*Landkreise*). Different from the *ultra vires* doctrine of the British system, the *kommunale Selbstverwaltung* system is based on a general presumption of the local authorities' responsibility for all local matters, within the frame set by federal and *Land* legislation.

The allotment of administrative functions to the local authorities is characterized by a peculiar institutional formula, rooted in the Prussian and Austrian administrative histories, of assigning a "double function" to the counties (*Landkreise*) and to the "county-free" municipalities (*kreisfreie Städte*) in that they fulfil "local self-government" tasks as well as public administrative tasks delegated to them by the *Land*. From an "administration policy" point of view, this "double function" of local authorities is a mixed bag. On the one hand, by the delegation of the discharge of state administrative functions to counties and municipalities the latter may be in a way absorbed and, as it were, "etatized" by state administration risking their local autonomy. On the other hand, the execution of state administrative functions may be in a way "municipalized" or "captured" by the counties and municipalities, since the administrative units and personnel discharging these delegated state tasks are integrated into the county's and municipality's administration and its staff. As the county's and the city's local chief executive (*Landrat* or *Bürgermeister*) who is responsible for operating the delegated state functions is elected, on the respective *Land* legislation, by the county or city council or by popular vote, public administration at this crucial bottom level is tied into and exposed to the local political environment in a way which makes, at least indirectly, for a remarkable degree of political accountability to the local population.

On top of that, local government charters in most of Germany provide for an institutional set-

<sup>1</sup> Because of this federal arrangement the separation of policy-making and policy-executing functions which is writ large, under the heading of "agency model", in the current NPM debate on central government reform has, by and large, long been administrative standard in this country.

ting which is – by international standards – favourable for strong administrative leadership by the *Bürgermeister* or *Landrat*. Whereas in other European countries – notably in the United Kingdom – local government management structures prior to the NPM reform wave have suffered from a high degree of fragmentation, the “strong mayor model”, which has been the blue-print for most German municipal charters allows, in principle, for unified and effective control in terms of both the political and financial dimension of local government activities.

### c) Principle of subsidiarity

Furthermore, the fulfilment of public tasks, particularly the delivery of public services, has been traditionally characterized by the “subsidiarity principle” which postulates that public services should be rendered by public sector agents only if non-public agents and organizations are not ready and prepared to take over, thus limiting the public sector, including the municipal sector, in principle, to an “enabling” (and funding) function. This has been particularly true in the field of social service delivery in which the non-profit welfare associations (*Wohlfahrtsverbände*) have been traditionally playing a major role (Katzenstein 1987)<sup>2</sup>. According to estimates for the early 1990s, the welfare associations on average run two thirds of all personal social services in the Federal Republic, including, for example, about 70 per cent of all kindergartens and about 90 per cent of all drug counselling centres. With nearly 1,000,000 employees and about 1,500,000 voluntary staff, they are amongst the biggest employers in the country (Bönker/Wollmann 1996).

### e) Judicial Review

Finally, the German administrative tradition is deeply imbued with the principle of judicial review which, in turn, flows from the rule of law tradition (*Rechtsstaat*). Again, this feature sets the German rule-bound administrative model very much apart from the British system, but also from the practice of administrative control in Scandinavian countries, where more “quasi-judicial” and political avenues for investigating citizens’ grievances against state and local administrations

(e.g. doctrine of ministerial responsibility, tribunals, ombudsmen system) prevail. It could also be argued that the German reliance on codified administrative procedural law serves at least in part as a functional equivalence to the introduction of citizen charters in the British system of public administration. From the principle of judicial review follows that, as laid down in the federal constitution, any act of public authorities can be challenged by the citizen concerned, on legal grounds, in the courts. For the purpose of this highly formalized way of seeking redress for any kind of maladministration separate administrative courts with strong remedial powers were established.

Hence, the German administrative system can be characterized by a number of basic institutional principles and arrangements, well entrenched in its administrative history, which make for a profile in which (1) the execution of the bulk of administrative tasks lies with highly decentralized, if not local administrative units; which (2) features a strong legal accountability as well as political accountability of bottom line administration and (3), to some extent, the restriction of local authorities (especially in the field of social services) to an “enabling” function loom large.

Some of the very same traits of the German administrative system, which are – in an ideal-typical fashion – labelled “assets” in this section, however, have serious drawbacks for administrative efficiency and responsiveness to citizens’ needs if taken to the extreme or not balanced and supported in an adequate way by other principles. A prime example to illustrate this case is the aforementioned culture of the *Rechtsstaat*, which we turn to again when addressing “liabilities” in the following section.

*Liabilities can be seen in the following traits:*

#### a) Legalistic administrative culture

The prevalence which *legal rule-application* has traditionally had in this country’s administrative business has generated a “*legalistic*” administrative culture (cf. Siedentopf/Sommermann/Hauschild 1993) which, run by a corps of largely law-trained higher civil servants, has proved inimical to economic thinking and a barrier to recruiting higher civil service personnel from outside the legal profession. The “lawyers’ monopoly” has been an often criticized impediment to overcoming this legalistic overdetermination of German public administration.

<sup>2</sup> The restriction of the public sector to an “enabling function” which stands also in high esteem in the current NPM debate has been an important principle in the field of social service delivery for some time, where the service delivery by the local authorities themselves has become the exception.

### b) *Inflexibel civil service laws*

While Germany's traditional civil service system has certainly been an essential precondition for having, by and large, well-trained, competent and honest public employees, it has proved to be a source of built-in rigidities, largely because of traditional distinction between civil servants (*Beamten*) and public employees (*Angestellte*), its separate career echelons ("higher", "elevated", "clerical" and "lower" careers) and its incentive-adverse promotion patterns. Well entrenched in political and parliamentary networks, the civil servants trade unions have succeeded in acting as a bulwark against serious curbing of their status rights. In many respects this account resembles the British Civil Service as depicted in the Fulton Report of the 1960s and certainly this picture was influential in driving the reforms of the Thatcher governments during the 1980s. In Germany, however, the Federal Constitution safeguards the statutory rights of civil servants, hence, making sweeping reforms much more unlikely.

### c) *Rigid internal organizational structures and accounting procedures*

The internal organizational schemes of public bureaucracies at all levels have been traditionally characterized by "steep" hierarchies of narrowly defined administrative responsibilities. While certainly fostering specialized administratively competent performance, it breeds bureaucratic vices such as selective and "sectorialized" perception and lack of coordination. By the same token, the classical Prussian *cameralistic* accounting system (based on single hierarchical control) is still in place in all public bureaucracies. Being far away from commercial bookkeeping and accrual-based accounting, this budgetary law not only hinders managerial flexibility and leaves any questions on "value for money" almost unanswered, but hampers also the effectiveness of "political steering" due to its emphasis on input, rather on output control.

### d) *Underdeveloped "choice" options and market-orientation of public services*

While the "rule of law" and "judicial review" tradition of the German administrative system provides the citizen with a strong legal claimant position and engenders corresponding attitudes in the political culture, by the same token it seems to weaken the "citizen (*citoyen*)" role in terms of "participatory", "empowerment" and "voice" linkages in the interface between public administra-

tion and citizen (which does not necessarily contradict the above-mentioned indirect general political accountability of the administration through its being exposed to the local political environment). The deficit can be seen even more pronounced with regard to the citizen's "*bourgeois*" role. Resulting from the emphasis on legal entitlement provisions and from the matching judicial review thereof, the elements of market competition and of "exit"-options have so far been strangers in the German administrative environment.

## III. ACTORS, ISSUES AND STRANDS OF PUBLIC SECTOR REFORM

The stage and the cast of actors relevant in public sector reform are again largely set by the federal system and the important status of the local authorities in it (see for the following argument in more detail Wollmann 1991, Derlien 1996).

### *Multiplicity of reform actors and arenas*

Instead of having one single powerful actor or agency, possibly at the national level that would take the lead and have the say in public sector reform issues, the German politico-administrative system has a multitude of such arenas and actors at the federal, the *Länder* and the local levels.

The responsibilities of the *federal* level pertain, first, to its own administrative structures, that is, to the federal ministries and agencies proper. Second, an important lever for administrative reforms is provided by federal legislation ranging from federal civil service law to deregulating existing provisions, say, on planning procedures, permit issuance procedures and the like. Traditionally holding a handsome array of public assets (postal system, railroad system, stocks in companies such as *Lufthansa*), the federal level has had a strong hand in setting the pace in changing the ambit of public sector activities by privatizing public assets.

The *Länder's* orbit in administrative reform matters is significant, as it relates not only to the ministries, regional as well as local office of *Land* administration proper, but includes also the county and municipal administration level inasmuch as this constitutes an integral part of the *Länder*. Hence, it is within the *Länder's* powers and responsibilities to pass legislation on county and

municipal charters, on redrawing the territorial boundaries of county and municipal administration and on the re-allotting administrative functions. Limits to the *Länder's* powers to regulate and meddle with organizational matters of the cities and counties are drawn by the "institutional guarantee", laid down in the Federal Constitution, of "local self-administration" (*kommunale Selbstverwaltung*) in a "general presumption of responsibility in 'local matter'" enablement instead of an *ultra vires* formula.

As to the *local* level, it is understood as flowing from the constitutional guarantee of local autonomy that all questions of internal administrative organization and personnel and structural reform are settled independently – within the framework of civil service and accounting laws – by the local authorities, including those administrative units and personnel engaged in delegated state administrative business.

#### *Incrementalist approach to public sector reform*

Lacking a single, possibly centrally located, powerful protagonist and trend-setter in public sector reform matters and, instead, disposing of a multitude of such arenas and actors each acting in its own right, it almost follows from the "logic" of the German federal system that public sector reform activities are bound to proceed in a disjointed and incrementalist rather than in a comprehensive and "whole-sale" manner (Wollmann 1991). Against this political and institutional background Peter Katzenstein has labelled the Federal Republic "a semi-sovereign state" (Katzenstein 1987). While the political and institutional fragmentation makes for *disjointed incrementalism*, at the same time it provides for a reform pattern, probably also peculiar to the German case, of *continuance* and *persistence* inasmuch as such reform "islands" and *nuclei* may keep on moving ahead and setting examples of reform experimentation and experience, while others may temporarily lose momentum or fall dormant possibly waiting for their wake-up call in the next round of reforms. In view of multitude of levels and actors, special historical circumstances in terms of compelling problem and crisis pressure, shared problem perception as well as ideological or conceptual underpinning are required in order to form reform coalitions which cross party political lines, levels of government and also include the relevant organized interests.

#### *Reform record since the late 1960s*

In retrospect, the late 1960s and early 1970s stand out as periods in which the Federal Republic was seized by an administrative reform movement of a conceptually and practically amazingly comprehensive sort (Wollmann 1991). Ideologically inspired by the concept of the "advanced welfare state" of the Social Democratic stance, propelled by the international debate on public sector modernization and steeped in the planning creed of the PPBS sort, a reform movement emerged and "reform coalitions" were wedged which jumped political party lines and government levels. In a remarkably short time span administrative reform measures were initiated on the federal, *Länder* as well as local levels. Yet, the administrative reformist "honeymoon" proved to be a short-lived one, since the economic and budgetary difficulties in the wake of the oil-price shock of 1973 swiftly closed the "window of opportunity" again, spelling an early end to many of the high flying reform hopes.

In the following it must suffice to just briefly touch upon the most important attempts at public sector reforms prompted in this period:

At the *federal* level an ambitious effort was undertaken to remould the *federal bureaucracy* particularly by expanding its planning and information capacities. In all ministries planning divisions and units were installed and new personnel was recruited. Although most of the administrative planning structures were dismantled when the planning euphoria was over, the conceptual and personnel input particularly into strengthening the analytical capacities, for instance through evaluation, and the introduction of modern administrative techniques have certainly left a persistent and lasting impact.

Another crucial element of the reform drive at the federal level was directed at revamping the traditional *civil service system*, including its "lawyers' monopoly". A high-calibre reform commission was set up which came out with far-reaching recommendations which, among others, aimed at abolishing the traditional "caste-like" separation of careers and levels of public personnel and at introducing efficient incentive schemes. When the commission presented its recommendations in 1974, the opportunity for administrative reform had already passed and the resistance of the interest groups, particularly of the civil servants, against any serious curtailment of traditional status privileges prevailed.

Among the administrative reform initiatives

undertaken by the *Länder*, particularly two need mentioning. First, the *Länder* launched large-scale territorial and administrative reforms of county and municipal administration. In view of the multitude of counties and municipalities which, due to their small size, were seen unable to provide sufficiently trained and professionally specialized administrative staffs, the *Länder* proceeded, varying among each other in pace and conceptual stringency, to redraw the boundaries of counties and municipalities and to rearrange their administrative functions. As a result, the number of local authorities was reduced from some 24.000 to some 8.000. Second, under the auspices of educational reform also *en vogue* in this period, the *Länder* established a new system of colleges (*Fachhochschulen*) for professional training of public employees of the "elevated" (*gehobener Dienst*) bracket which passes as the personnel "backbone" of public administration.

At the *local* level, a number of powerful levers prodded the local authorities to engage in extensive administrative reforms. First, in the wake of the massive redrawing of their territorial boundaries effected by *Länder* legislation, the counties and municipalities were challenged to revamp their administrations. Second, the local authorities were seized by the then dominating planning mood. Seeing comprehensive city development planning as a decisive tool for mastering their futures, most of the cities created such planning units and pepped up their statistical and analytical capacities. Third, responding to the expanded social policy tasks which the municipalities were expected to shoulder in the context of the "advanced welfare state", many local authorities set out to reform their social administration by improving the access and the servicing of their "clients". Fourthly, mention should be made of the broad scale of administrative changes and innovations which the local authorities having gone into when confronted, since the late 1960s, with an increasing array of new tasks and responsibilities. In part placed upon the local authorities' agenda by the upper levels of government in a kind of stop-gap fashion, these new local responsibilities ranged from urban renewal, urban environment protection to urban activities to fight unemployment. In doing so, the local authorities were summoned to come up with new organizational schemes.

Although many of the ambitious reform hopes of this period did not materialize and were crippled by the frost of the budgetary squeezing set-

ting in 1974, it needs to be emphasized that, with hindsight, the administrative reform movement of the late 1960s and early 1970s triggered and set into motion a major reshuffle in West Germany's entire administrative system. Apart from the lasting impact of the large-scale territorial reform, many initiatives and measures of institutional change survived and were carried on in the respective administrative contexts, especially by local authorities, thus manifesting the peculiarity of the West German system of horizontally and vertically fragmented actors which makes for such reform continuities moving ahead in a disjointed incremental manner. Furthermore, it should be noted that, due to the significant personnel expansion of public administration since the early 1960s, new cohorts of civil servants and public employees were recruited who, having been socialized and trained in the Federal Republic's post-war period, were prone to significantly change the "bureaucratic climate" within public administration altogether and to carry that change on into the 1970s and beyond.

Between the mid-1970s and the late 1980s public sector reform was ideologically and conceptually swayed, in Germany too as in other OECD countries with the UK taking the lead, by neo-conservative and neo-liberal tenets which criticized the preceding "social democratic" reformist period for its welfare state "excesses" and called for budgetary retrenchment by cutting back on state functions and by trimming public expenditures, including the reduction of public personnel.

Yet, notwithstanding the government change from the social-liberal coalition under *Helmut Schmidt* to the conservative-liberal coalition under *Helmut Kohl*, remarkably few public sector reform activities, leave alone "radical" ones along neo-conservative or even *Thatcherist* lines, were undertaken well into the late 1980s. Right after the new coalition government took over, a government commission was set up with the mandate to go out for all-out drive towards deregulation, but conspicuously little has come out of it.

At the *Länder* level, too, experts commissions were established that were requested to look into existing legal and administrative provisions and to tidy up and to weed out excessive regulation and red-tape provisions. Again, the yield of such endeavours – which aimed at "fine-tuning" rather than radically changing the existing system – was quite limited.

While, at the *local* level, many of the ambitious administrative reform projects of the early 1970s

crumbled and the municipal planning units fell into oblivion, a significant number of municipalities continued to be reform "islands" where the earlier reform initiatives continued to be pursued. For instance, in the social administration field new information technologies were introduced into "servicing" their "clients". Also, considerable progress has been made with regard to citizen-oriented, responsive service delivery (or *Bürgernähe*) on the local government level (Grunow 1991).

#### IV. THE ADVENT OF THE NEW PUBLIC MANAGEMENT DEBATE IN GERMANY

Three questions shall be taken up in the following section: Why did the NPM wave reach Germany so late? Which are the main features of the current debate? Which role does NPM play on the current reform agenda?

##### *Why the late advent of New Public Management in Germany?*

While the debate on New Public Management was already in full swing in other OECD countries, particularly in the UK where it attained an almost official status in the conservative government's programme under *Margaret Thatcher*, there was conspicuously little response in the German debate both academically and politically.

A main reason lies, we submit, in the past performance of the German administrative system and its reform profile which we just touched upon. Even those who otherwise go out of their way in attacking and criticizing today's public administration in Germany for having woefully fallen behind the international standards of public sector modernization cannot help conceding that in its performance German administration, particularly at the "citizen- and client-intensive" local level of administration, has been doing quite well. In addition to the assessment that a radical reform of the NPM kind was not required nor warranted, the inclination to ignore the international NPM debate may have been also fostered by the observation that some of the recommendations that rank high in the NPM debate relate to administrative principle that have guided German public administration for some time. Just to recall three points:

- \* Due to the federal system, central government has no hand in administering its legislation and policies. As a consequence, the devolu-

tion of administrative powers to the *Länder* helps streamlining central bureaucracies. Thus, the debate on the "agency model" with regard to the German ministerial bureaucracy (Jann 1994) is neither original nor does it fully apply.

- \* Decentralizing administrative functions in order to increase the political accountability can be seen as one of the main principles of decentral local administration in Germany. Moreover, the significantly smaller size of German counties and municipalities (in terms of both territory and population), e.g. in comparison to the British local authorities, allows for relatively tight political oversight and – in view of powerful position of the *Landrat* or *Bürgermeister* – internal administrative steering.
- \* Limiting the public/municipal sector to an "enabling" function has been the *ratio essendi* of the time-honoured "subsidiarity princip" of social service delivery. This emphasis on financial transfers instead of direct service provision by state or local authorities puts the German case in stark contrast to the UK or Scandinavian countries, where the impact of management-driven reform project became visible much earlier (Naschold 1995).

When the international NPM debate was finally taken up in the German debate, it soon spread like a bush-fire. A number of factors converged in opening up and then fuelling the debate:

First, the growing concern that Germany may fall behind in the international modernization race, including public sector modernization, was mainly triggered by the soul-searching debate about Germany's viability, if not survivability as an internationally competitive economic location (*Standort Deutschland*). Despite the relatively well-performing national economy, public finance figures in Germany increasingly indicate limits to future growth of the public sector (*Datenreport 1994*): Whereas total government outlays as percentage of the GDP amounted to 45,8 per cent in 1989, this figure jumped (mainly as a result of German unification) to 53,6 per cent in 1992. Also, the total of local and state taxes (including all contributions to the social insurance system) as percentage of the national income reached with 41 per cent an all-time high in 1992. Most alarmingly, the amount of government financial liabilities – though still moderate by international standards (see OECD 1995, p. 22) – soared dramatically: While all federal state and local government took on new net debts totalling of DM 38 billion in 1986, this number rose to DM 161

billion in 1993. Against this background, a slowly, but steadily growing part of the political spectrum no longer considers traditional "social interventionist" remedies of "more of the same" (i.e. additional expenditure and new regulation) as appropriate responses to the new economic and fiscal environment.

Second, the budgetary strains following from the German unification and the massive public spending in eastern Germany (including average financial transfers totalling of DM 150 billion each year from the Federation and the western *Länder*) have accentuated the debate about making the public sector leaner and slimmer. In addition, the political and financial pressures on the newly-established *Länder* to squeeze public employment figures and to prune down the public sector in the East altogether, eventually also fuelled the debate on contracting-out, privatization and downsizing the civil service in the West.

Third, the advancing European integration has confronted Germany with an additional challenge to keep also administratively abreast of her EU-member countries. In particular, the European Commission's policies on opening up national markets for European competitors provided a major impetus for steps taken by the German government to deregulate the markets for postal, telecommunication, transport or financial and insurance services, to name but a few, and to expose "natural monopolies" to market forces.

#### *Who are the participators and "discourse communities" in the ongoing debate?*

The current discussion appears to be shaped by three discourses and "discourse communities" between which the communication is difficult, if not blocked in a way which reflects what we call the "ambivalence" of public sector reform in Germany.

The proponents of the NPM message have tended, understandably in their first missionary zeal, to overstate their case in exaggerating the reform needs and the benefits coming from NPM, on the one hand, and in playing down, if not ignoring, the actual performance of public administration and the merits of earlier reforms, on the other. A number of groups may be singled out among the "NPM modernists". The lead was taken by *KGSt* and its head, *Gerhard Banner*. The *KGSt* is a non-profit organization, mainly funded by the municipalities, with a long and excellent record in consulting particularly local authorities

in administrative and organizational matters. In skillfully engineering what turned out to become a full-fledged "campaign", *KGSt* and *Gerhard Banner* were certainly instrumental in breaking the ground (Banner 1991). For pushing their campaign, they chose to paint today's public administration in Germany in black, yea sinister colours, labelling it the world of "organized irresponsibility" (Banner 1991, p. 6). Conceptually it is argued that, while the traditional public administration is still construed as the law-clad hierarchical bureaucracy of the rigid Weberian type, a downright "paradigmatic" shift and turn is called for in order to basically redefine public administration in predominantly economic instead of primarily legal terms (Hill/Klages 1993, Naschold 1993 and 1995, Reichard 1993, Budäus 1994, Hill 1994, Reinermann 1994). Another discernible group among the NPM modernists are the private consultants. As they have been gainfully engaged until recently solely in consulting private corporations, it should come as no surprise that they did not have much of an eye, at least in the beginning, for the specifics of public administration setting them apart from the private sector as well as for the historical dimension of public administration and its past reforms.

Another "discourse community" is made up of the "traditionalists". They basically disagree with the "NPM modernists" in the understanding of what constitutes the public sector and the state in its essential quality of a political entity and body with, among others, distributive and redistributive functions which defy the easy parallel with, and borrowing from, the functional imperatives of a private enterprise. Looking at public administration past and present, the "traditionalists" do not share the NPM modernists' assessment of the dismal state of administrative affairs. While not questioning the need of continuous administrative reforms, the "traditionalists" prefer to link up with the earlier and on-going reforms instead of shifting into the NPM gear (Laux 1993, Pitschas 1994 and 1996, Grunow 1995, König 1995).

Finally, a third incipient "discourse community" should be mentioned the participants of which share with the "NPM modernists" the belief that a "paradigmatic" change in public administration is needed. Rejecting the NPM modernists' *leitmotiv* of the public agencies as entrepreneurial "profit and cost centers", they orient themselves towards the concept of the "citizen's state" (*Bürgerstaat*) which should replace the concept of the "authoritarian state" (*Obrigkeitsstaat*) still encroaching upon present day public administration (Clasen/Schröter/Wiesenthal/Wollmann 1995).



It seems that both the “NPM modernist” and the “traditionalist” views (which we just pictured in a somewhat ideal-typical fashion) suffer from a selective perception and from misreading the reality, as either party takes into account only one side of the medal of what we called the “ambivalence”. In order to bring about a fruitful communication between the two discourse communities, an approximation of the perceptions seems to be called for along the following lines:

On the one hand, it should be recognized that, as the NPM modernists – at this point convincingly – argue that a paradigmatic shift and turn in the overall conception of public administration appear to be needed. Vis-a-vis the turbulent changes in the international environment, on the one hand, and the value changes in the population, on the other, the hierarchically and “supreme-power-like” (*hoheitlich*) deciding and acting state ceases to be normatively accepted and to be operationally viable. This the “traditionalists” should be ready to see and to accept.

On the other hand, the NPM modernists should be more attentive to the truly political and historical dimension of public administration. Instead of disregarding, if not discarding this political dimension as well as the strands of past reforms, they should politically re-read their concepts and make it point to combine the earlier politically rooted reform thinking and concepts with their NPM thoughts and concepts.

## V. CURRENT PUBLIC SECTOR REFORMS IN GERMANY: ON THE WAY TO A NEW PUBLIC MANAGEMENT?

It was not before the early 1990s that the flood of new public management literature has received wide currency in the Federal Republic. Nevertheless, at first glimpse one is tempted to conclude that the national debate is catching up fast with the standards set by international developments (Naschold 1993 and 1995, Hill/Klages 1993a and 1993b, Reichard 1994, Naschold/Pröhl 1994, Budäus 1994, Damkowski/Precht 1995, Reichard/Wollmann 1995). Looking through the relevant academic and professional journals and keeping track of the ongoing discussion, one could get the – perhaps rash – impression that an all but unprecedented reform wave has reached and seized especially the municipal administration, but also the public sector at large.

However, if one tries to look behind the veil of smoke and of fashionable reform parlance in order to detect the fire behind it, a different per-

spective emerges. If it comes to evaluate the influence of genuine new public management tenets on current reform projects which are being discussed and/or implemented in the Federal Republic, one can hardly speak of any triumphant march of “new public managers” through the administrative institutions. Notwithstanding this somewhat limited impact of modernization programmes which could properly rubricated under the NPM heading, the ongoing debate on new steering concepts (*Neue Steuerungsmodelle*) and the quest for streamlining public bureaucracies as well as rendering state and local authorities more responsive to citizens’ demands has triggered a wide range of serious efforts (which go far beyond only paying lip-service to administrative modernization) among practitioners and policy-makers to re-vitalize earlier “modernization” projects and to develop new concepts in order to prepare adequately for future challenges facing the public sector. While many reform plans have laid dormant for years, the increasingly heated discussion over “lean management” in government agencies provided the urgently needed stimulus for re-activating earlier reform strands and to bring the topic of administrative reform back on the political agenda. It follows from this that major reform initiatives can be identified in many policy fields, which have been for decades the classical turf for debates on public sector reform in Germany. This finding holds especially true for such reform policies as privatization, deregulation and de-bureaucratization as well as public service law reforms.

Also, the rhetoric of “lean government” has eventually become part of the Federal Government’s official political language; the ruling CDU-FDP-coalition dedicated itself to reducing the size of the federal civil service, cutting public expenditure as well as reshaping the boundaries of the public and private sectors altogether, thus apparently making the concept of the “lean state” a cornerstone of the official programme of the incoming government after the 1994 general election, which finally led to the establishment of a special “think-tank”, the “Federal Commission on Lean Government” (*Sachverständigenkommission Schlanker Staat*), in July 1995 (Bundesministerium des Innern 1996).<sup>3</sup> While many compo-

<sup>3</sup> The “*Sachverständigenkommission Schlanker Staat*” is chaired by the CDU-politician Rupert Scholz. The 17 members of this commission are recruited from academia, political parties, trade unions and the business sector as well as from the federal, *Länder* and local governments.

nents of the NPM reform creed have by now become popular catch-phrases used by government politicians, this rhetorical offensive has not yet been followed by significant political action on the federal level. Furthermore, in marked contrast to the constellation of reform protagonists in the 1970s, when the federal government took the decisive lead, the current debate on administrative modernization has gradually built up from the lower tiers of government.

Looking at the federal states, it appears difficult to single out any *Land* that has not set up experts' commissions or embarked on any type of administrative reform programme (Behrens *et al.* 1995, Hill/Klages 1995, Miller 1995, Bürsch 1996).<sup>4</sup> Among those *Länder* which pioneer in the introduction of new public management techniques into their core administrations *Baden-Württemberg* ("Verwaltung 2000" 1993), *Schleswig-Holstein* (Mutius 1995) and the city-state of *Berlin* (Pracher 1996) are particularly advanced. Most *Länder* governments, however, follow classical reform avenues (such as de-bureaucratization, devolving authority to local governments and – in eastern Germany – territorial reforms) which can hardly be attributed to the onset of the new public management debate. In particular, this holds true for the former East German *Länder* which have had to build up their administrative apparatus virtually from scratch after these *Länder* had been re-established in 1990. After the first turmoils in the direct aftermath of unification have now been settled to a satisfying degree, policy-makers in eastern Germany now take a strikingly keen interest in modernizing public administration. These efforts, of course, can only be adequately appreciated if one takes account of the problem-ridden organizational, financial and social-cultural heritage of the old regime. This difficult starting position also helps to explain the peculiar mixture of old and new reform approaches in the eastern *Länder*, since a great deal of reform energy has been absorbed by bringing public bureaucracies in the East in compliance with West German administrative structures and practices, before modern public management techniques were even considered

as realistic options for administrative reform policies.

In accordance with the bottom-up evolution of the current reform wave in Germany, it is mainly on the local government level that the impact of "public managerialism" and of concrete efforts to shake up the traditional bureaucratic organizational structures is most palpable (Reichard 1994 and 1996, Bertelsmann-Foundation 1994, Hill/Klages 1993a and 1995). Here, reform initiatives inspired by the "new public management movement" are seemingly mushrooming, and efficiency of public authorities as well as customer-orientation and marketization of municipal services, so at least many reform zealots have it (cf. Banner 1991 and 1994, Janning 1994), have become major touchstones for administrative modernization (for a critical polemic see Laux 1993 and 1994). While this avalanche-like development was triggered by few pilot cities seven years ago, now more than 300 German local authorities have launched management reform projects. According to a recent survey by the Association of German Cities (*Deutscher Städte-tag*) more than two thirds of 210 responding member cities are active in this field. While the pace and direction of internal managerial reforms was originally set by larger cities, the reformist ideas have in the meantime disseminated into smaller communes and counties administrations, too. Again, a noticeable difference between former East and West Germany can be observed. Having invested much time and money in establishing a "rationalist" Weberian-type public bureaucracy in the first place, there is now widespread reluctance to embark again on far-reaching plans for organizational change. Moreover, the socio-cultural setting in which local governments have to operate in the new *Länder* does not seem to be conducive to modernization policies which are guided in the NPM fashion (Schröter 1995, Klages/Löffler 1996).

Before turning to genuinely managerialist reform steps in more detail, in the following sections we try to shed some light on long-established topics of administrative modernization which have gained new momentum thanks to a more general "new public management" debate.

#### *Privatization and Corporatization*

The privatization policies pursued by federal and *Länder* governments usually provide an interesting litmus-test for the political stance to-

<sup>4</sup> Looking at the *Länder* level the state of Schleswig-Holstein has come forward with an particularly advanced and and comprehensive reform paper (see: Bericht der Enquete-Kommission zur Verbesserung des öffentlichen Dienstes 1994). Cf. as examples for the development in other *Länder* administration also "Kommission Zukunft des öffentlichen Dienstes" (Bavaria 1994) or Sachsen-Anhalt: "Enquete-Kommission zur Verwaltungsreform" 1994.

wards reshaping the boundaries between the public and private sectors. As a rule, West German governments have never been ambitious "nationalizers", nor have federal and *Länder* governments invested much political energy in zealous and far-reaching privatization programmes (König 1988).<sup>5</sup> Apart from the short-lived interim period from 1990 until 1994, during which the German Trustee Agency (*Treuhandanstalt*) in effect used to be the world's largest state holding company, politicians on all tiers of government have followed a relatively pragmatic and cautious approach towards privatization. Also, the number and economic relevance of publicly owned industrial assets relative to size of the German national economy ranks comparatively low by international standards. So, the *Kohl* governments have never taken up the aggressive rhetoric on privatization of *Margaret Thatcher's* cabinets, let alone the often ideologically-driven reform measures.

Nevertheless, the conservative-liberal government has continuously pursued moderate privatization policies since the early 1980s. Whereas the federation had a major stake in 958 companies in 1982, only 400 firms are still in federal ownership. By selling these stakes the federal government earned more than DM 11 billion to ease the budgetary plight (*Bundesministerium des Innern* 1996). More importantly, the early 1990s have witnessed the – so far – successful implementation of two major corporatization projects which directly influence the provision of important public services: namely the de-nationalization of the postal, postal bank and telecommunication services on the one hand, and of the railway services on the other hand. To achieve this breakthrough in thoroughly restructuring this segment of the public sector a two-thirds majority was required in both the federal parliament (*Bundestag*) and the federal council (*Bundesrat*). Although German Railways and two of the now separately organized branches of the former Federal Postal and Telecommunication Services are at this stage of the reform programme still owned by the federation they now operate as joint stockholding company under private law. In November 1996, the federal government sold its stake in the German Telekom AG completely to private investors. Also, legal provision has been made to break up the monopoly positions which the German *Telekom* and the German railways (*Deutsche Bahn AG*) still enjoy in certain aspects. Generally, however, privatization policies in Ger-

many have typically not been used as an innovative tool to set free market forces, to create new markets for formerly solely publicly provided goods and services or to enhance competition between various private and/or public suppliers. In the main, the – more or less conventional – rationale behind most of the privatization measures has been to ease the burden on the public purse or to comply with binding European Union guidelines to open particular sectors of the economy for new competitors. Also, one should not lose sight of the fact that the *Länder* and municipalities surpass the federation by far (i.e. 250 per cent) as regards public ownership: the total estimated worth of industrial assets in their hands currently amounts to DM 13 billion. As to these public enterprises, particularly on the local level, the reform strategy followed in the majority of the cases is that of *corporatization*, i.e. transferring the legal status of an organization from public to private commercial law, which leaves the issue of ownership unchanged.

#### *Deregulation and De-bureaucratization*

In a related vein of administrative reform, attempts have been made or at least proclaimed to become serious about *deregulation* (Seibel 1986, Wilkes 1989). For the sake of conceptual clarity we suggest to differentiate between deregulation which is directed at freeing private (i.e. economic) action from state intervention, and *de-bureaucratization* which in the first instance addresses public action governed by administrative law. This latter type of "deregulation" includes also the simplification of administrative procedures. Many initiatives of the *Länder* fall into that latter category, hence continuing earlier efforts between the mid-1970s and mid-1980s when the federal states set up a number of reform commissions committed to "thinning out" obsolete or impractical regulations. Shortly after the newly-elected conservative-liberal government came to power the first *Kohl* cabinet established an "Independent Commission on Deregulation", too. This commission, which is widely known as "*Waffenschmidt*-commission" (named after its chairman), has produced two reports so far (*Bundesminister des Innern* 1987 and 1994). As a consequence, 15 federal laws as well as 30 federal administrative orders were abolished altogether, and 400 single regulations were weeded out. Recently, the efforts on the federal level to deregulate and de-bureaucratize have been stepped up considerably. Pressures for another

<sup>5</sup> Cf. König (1988).

round of deregulation and de-bureaucratization came from laws enacted by the European Union, but this change in attitude can in part also be attributed to the critical debate on Germany's competitiveness and ability to survive as an "economic location" (*Standort Deutschland*). As a consequence, federal reform commissions (e.g. "Ludewig-commission") dedicated to the "acceleration of planning procedures" (Bundesministerium für Wirtschaft 1994) and the weeding out of legal rules applying to private businesses, which restricted market entries for would-be-competitors, were set up. Both reform commissions made their substantial recommendations public in form of consolidated reports which formed the basis for legislation enacted recently by the *Bundestag*.

### *Proposals for civil service reform*

Regarding civil service reform it was until the late 1980s that most of the innovative reform proposals lay dormant and public personnel policy was degraded to the lower ranks of the political agenda. During the last five years, however, the debate on modernizing the civil service has been moving back to centre stage owing much to the international developments in this field, but also to the disgruntlement of the general public with public servants' privileges. However, civil service policies do not appear to provide a fertile ground on which innovative ideas and radical changes could flourish. After fruitless attempts in the early 1970s to modernize Germany's civil service laws thoroughly, there is still only little hope that the foreseeable future will bring the long-awaited breakthrough leading to a more efficient civil service.

The federal, *Länder* and local public services are governed by a close-knit fabric of federal and state regulations, however, it is the Federal Civil Service Framework Law which gives the German civil service its uniform character. It follows from this situation that the main responsibility for changing the civil service regulations lies with the federal legislature and the federal government. The federal cabinet, however, have so far refrained from any type of "bureaucrat-bashing" that has become integral part of the political rhetoric of many Anglo-American protagonists of public sector reform. Quite the opposite holds true: The latest government papers on civil service reform speak in high regard of the "outstanding quality and achievements of the professional civil service", thus making perfectly clear that the governing parties basically adhere to the traditional

framework for civil servants in Weberian-type public bureaucracy. In essence, the conceptual papers on the further development of the civil service ("*Perspektivbericht*", July 1994, and "*Eckpunkte*", April 1995) contain only marginal proposals in order to strengthen the merit principle, to improve vertical and horizontal mobility within the service and to provide financial incentives for badly needed qualified and specialized personnel which would otherwise take up jobs in the private sector instead (Bundesministerium des Innern 1994 and 1995, Röber 1996). In early 1997 those proposals eventually reached the federal statute books. In contrast to the federation, at the *Länder* level more initiatives to move on to a modern and more business-like system of public personnel management have reached the light of the day (Göck 1993, Klotz/Schmauch 1994, Koch 1994, Widder 1994, "Verwaltung 2000" 1993, von Mutius 1995). Typically, these proposed reform projects are centred around aspects of recruitment and training (von Richthofen 1994, Bischoff/Reichard 1994, Kühnlein/Wohlfahrt 1995), performance related-pay (Tondorf 1995), temporary executive functions (which were introduced last year in the state of Lower-Saxony for the first time in the Federal Republic) as well as the problems of mobility and flexibility within the public service (see in more detail Röber 1996).

Differing from administrative reform policies in other European countries (Wright 1995) the overall size of the public service has not been a prime target for public sector modernizers until very recently. With the notable exception of the East German case, where in the first two years after unification alone some 500,000 public employees (mainly on the local government level) had been laid off, i.e. roughly 25 per cent of the original number of public servants in the new *Länder*, the German approach to personnel cuts in the public domain has been more characterized by marginal adjustments rather than by radical changes. In view of the huge financial burden that personnel costs put on the public purse this attitude might be surprising (As with the number of public servants in general, this financial burden is extremely unevenly distributed between federal, *Länder*, and local levels: whereas 11 per cent of the federal budget is spent on personnel costs, more than 40 per cent and 30 per cent respectively of *Land* and local government spending is reserved for public service pay and pensions). However, in international comparison the relative size of the German civil service (its total workforce of 6.59 million people represents approximately 18 per cent of the total work-

ing population) ranks only in the lower third of all OECD countries. Additionally, one has to take into account that powerful interest groups and organized lobbies make changes in this field particularly difficult. On top of that, legal constraints and statutory rights of public servants, which also guarantee job tenure, effectively hamper any plans for quick and swift staff reductions. In accordance with this general picture the governing coalition in Bonn announced plans for a moderate squeeze on personnel numbers which would result in a reduction of the numbers of federal civil servants by 1,5 per cent each fiscal year (i.e. a meagre 2,800 posts in 1994). Similar goals for personnel planning have been set in most of the *Länder*, where the fiscal crisis prompted personnel cuts ranging from 5 to 10 per cent within the next years (Bürsch 1996).

#### *Further strengthening of crucial "assets"*

In addition to these major fields of reform debates, mention should be made to administrative reform programmes that are designed to strengthen those features of the German administrative setting which we have identified as its structural "activa". It may suffice to name only three relevant developments in this direction. First, ongoing reforms of local government law resulted in new municipal charters which further strengthen the transparent organization of German local government and bring the local administration under even stronger leadership of mayors who are – in more and more *Länder* – directly accountable to the electorate.<sup>6</sup> Second, the already considerable involvement of self-help groups, private companies and welfare associations in the provision of personal social and health services will be further developed by recently enacted legislation by means of additional pluralization and marketization of service providers (Bönker/Wollmann 1996). Third, reform initiatives are underway in several *Länder*, notably in eastern Germany where the *Land Brandenburg* is a prominent case in point, which will – under the

heading of "functional reform" (*Funktionalreform*) – consequently lead to a further devolution and decentralization of administrative functions and competences from state administrations to local authorities.<sup>7</sup>

In the light of this empirical evidence, current change in the German public sector presents an interesting mix of "traditional" approaches of administrative reform, which can best be characterized as "fine-tuning" and marginal adjustments to a changing environment, and truly innovative steps which are geared at bringing about more radical change. As an important catalyst of this newly started reform development the debate over "New Public Management" played a decisive role not only in providing new intellectual inputs, but also in de-legitimizing the traditional ways of bureaucratic conduct.

#### *Advent of the managerialist state?*

Having outlined in brief the continuity of established strands of public sector modernization in the Federal Republic, we now turn our focus on the more recent and remarkable infusion of new "reform blood" coming in the guise of the "managerialist revolution". Limiting ourselves only to a short overview, the development towards new-public-management-driven reform trends can be well illustrated by the following major initiatives in this field.

In view of the highly decentralized administrative system of the Federal Republic it does not come as a surprise that the main impetus for a managerial oriented reform of public bureaucracies came from the local level. Rather than federal agencies or *Länder* administrations it is the lower tier of government, both counties and municipalities, which provides direct services to the citizens. Against this background, the German case – in stark contrast to much more centrally-driven reform programmes in Anglo-Saxon countries – can be seen as a prime example for a "bottom-up"-approach to public sector modernization.

Conceptually drawing, in part, on ideas that had been *en vogue* already in the 1970s under the

<sup>6</sup> With the exception of the state of Berlin all East German *Länder* have recently enacted new local government laws. Particular emphasis has been laid on clear leadership functions for the elected chief executive officer and on strong democratic control mechanisms. In the West German *Länder* similar reforms of the municipal charters have been implemented or are still underway in Hesse, North-rhine-Westfalia and Lower-Saxony.

<sup>7</sup> A prime example for an ambitious and innovative "functional reform" project is the case of Brandenburg (see *Erstes Funktionalreformgesetz*, 30 June 1994, GVBl. S. 230, and *Zweites Funktionalreformgesetz*, 13 July 1994 (GVBl. 382.) Similar reform initiatives of notable relevance are underway in Baden-Württemberg, Thüringen and Sachsen-Anhalt.

label "task review" (*Aufgabenkritik*) and "evaluation" (*Erfolgskontrolle*), the KGSt has been eager and adamant, since a number of years, to link up the German reform debate with the international administrative reform discourse. Attracted by the success story of the Dutch city of Tilburg the seminal KGSt-reports advocated the use of new steering concepts (*Neues Steuerungsmodell*), which brings together elements of the Dutch discussion and components of the British style "enabling authority" (KGSt 1991, 1992 and 1993, Banner 1991, Schrijvers 1993 and Janning 1994). In particular, the report strongly recommended the introduction of a company-like holding structure for local governments, the use of contract management and the integration of all responsibilities for programme output as well as resource management in the hand of decentralised departments. By the same token, much emphasis has been laid on identifying administrative "products" and calculating the cost-effectiveness of this "production", which also entails the difficult search for useful indicators for measuring output quality. Additionally, the newly proposed steering concept calls for an comprehensive controlling system and the general shift from input to output control.

In the meantime, a significant number of western German local authorities – and to a lesser extent also municipalities and counties in the eastern *Länder* – have come forward with reform projects designed at turning certain components of the new public management message, such as decentral resource management, flattening hierarchical organizational structures and establishing central as well as decentralized controlling units, into practice and, at the same time, at improving the "client-orientation" and "user-friendliness" of its service delivery departments. By now a sizeable group of larger German cities can be identified, which have widely applied various elements of the "new steering model" for several years. This group would include the cities of Dortmund, Duisburg, Hanover, Heidelberg, Cologne, Munich, Nuremberg, Offenbach and Saarbrücken (Reichard 1996). In most local authorities, however, managerial reform projects have come in the shape of small and carefully selected "pilot studies". So, at this stage of the reform it is still too early to judge whether such concepts will in fact be fully implemented and which lasting impact on administrative behaviour they are going to have.

What appears to be the most evident German idiosyncrasy as regards public management reforms is the focus on *internal structural* change.

Intriguingly, neither the possible consequences of management reforms for the interface between citizens and local authorities, nor the complex political dimensions of contract management have been given much thought in academic and professional discussions. It also flows from this finding that major deficiencies can still be identified when it comes to the underdeveloped market orientation of German local governments. In contrast to other European countries local authorities in the Federal Republic do not have many experiences in direct competition with other public bureaucracies or private companies. Recent initiatives to change this situation include the interesting approach by the *Land Baden-Württemberg* to set up "league tables" for best practice in public administration (Rechnungshof Baden-Württemberg 1994). In a similar vein, the national and international competitions promoting "Quality in the Public Service" and searching for excellence in "Innovative Local Governments" organized respectively by the *Bertelsmann Stiftung* (Bertelsmann-Foundation 1993), a privately funded German foundation, and the reputed Speyer Post-Graduate School of Administrative Sciences (*Hochschule für Verwaltungswissenschaften*)<sup>8</sup> help paving the way for public sector modernization (Hill/Klages 1993a, 1993b and 1995). It seems most likely that such systems of "benchmarking" could be a first step to establish quasi-markets and to unleash productive forces of competition between service suppliers.

Despite pronounced proposals and recommendations for re-organizations in the federal government (Eichhorn/Hegelau 1993, Jann 1994, Clasen/Schröter/Wiesenthal/Wollmann 1995) and *Länder* bureaucracies along the lines of new public management, there are only few noticeable reform steps in that direction on the *Länder* level (Hill/Klages 1995, Miller 1995, Bürsch 1996), while the federation does not seem to be prone to any relevant type of managerial-type modernization of its own administration. Regarding the *Länder*, the "city states" (*Berlin, Bremen* and *Hamburg*), which combine both state and local functions, have developed interesting reform projects, of which *Berlin* stands out for the sheer size and scope of its reform initiative which has now reached the stage of implementation (Pracher 1996).<sup>9</sup> This

<sup>8</sup> See for an documentation of the first "Speyerer Qualitätswettbewerb", Hill/Klages (1993a).

<sup>9</sup> See for the case of Berlin: *Verwaltungsreformgesetz Juli 1994* and *Senatsbeschluss 24 August 1994*. The city state of Bremen has embarked on reform policies which follow the line of the KGSt proposals, too.

ambitious undertaking is designed to define "products" and "outputs" of administrative action by means of quantitative and qualitative performance indicators, to introduce a new system of cost accounting, to make use of contract management and to improve personnel management within the limits of public service law. Innovative reform measures are also underway in the *Land Baden-Württemberg* which was among the first *Länder* to promote new management systems, especially with regard to controlling, personnel management and information systems (Neue Führungsstruktur 1985 and Staatsministerium 1993).

Compared to these developments the federal government has not yet put forward any strategic approach towards modernizing its administrative apparatus in a managerial fashion. Whereas the move of government to Berlin is widely seen as a welcomed opportunity to introduce "lean management techniques" into the ministerial bureaucracy also (Jann 1994, Clasen/Schröter/Wollmann/Wiesenthal 1995), it appears highly questionable whether this will amount to more than simple cut-back management.

## VI. CONCLUSION

Despite the all-familiar thesis of global convergence as regards public sector reforms, there seems to be good reason to suggest that it is mainly for deeply rooted historical traditions and entrenched administrative styles and cultures to shape programmes for administrative modernization (cf. Hood 1994). In view of the German case we suggest to take account of both the structural assets and liabilities in order to arrive at a realistic picture of the "modernity" of the public sector in this country. Against this background, Germany presents an ambivalent case. On the one hand, critics have it that German public administration considerably lags behind its neighbours in Europe regarding public management reforms. On the other hand, however, one can also justifiably point to inherently "modern" aspects of the German administrative system which in turn help to explain for the comparatively high quality standards of public services and the striking adaptability of public bureaucracies to changing societal and political environments. While the former group criticizes the bureaucratic rigidity of internal organization and personnel structures, the outmoded budget controls and auditing instruments, and the vastly over-emphasized use of legal norms to guide and control public bureaucracies, the latter group holds that

in the highly decentralized federal system devolution of administrative competences to federal states and the local government level have traditionally been a major feature of the German public sector; that many public services in various policy fields have already been delivered by private and third-sector parties, and that the relatively high standard of civil service training combined with an political and social open-mindedness of most public employees (at least as far as the higher administrative echelons are concerned) provide an important potential for administrative modernization.

Still, it can be argued that after a period of piecemeal and only sporadic administrative reforms in the Federal Republic, the international debate over streamlined public bureaucracies, consumer oriented public services and the injection of market forces into the public sector provided the long-awaited impetus for a new round of initiatives geared to change established and "immobile" public bureaucracies. However, one has to put the latest reform efforts into a historical perspective in order to evaluate the "state of administrative modernization" properly. By the same token, the concepts of new public management as dominated by "new right" neo-liberal economic analysis and ideology should be understood as only one possible variant to promote modern public administration. Of equal importance are strategies which give more thought to democratic theories and norms as well as to the role of elected politicians and of citizens (as opposed to their "client-" or "consumer"-roles). Although the direct impact of new public management thinking on the current reform processes in the German public sector, with the possible exception of recent trends in local government reorganizations, has been only marginal and sporadic, the helpful contribution of the widespread new public management debate should by no means be belittled. In fact, the advocates of the "managerialist revolution" in the public sector did their important share to throw open again the "window of reform opportunity", which will hopefully not be prematurely closed by a mutual blockade of conflicting and competing discourses within both the academic community and the camp of administrative practitioners.

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