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STATE, SOCIETY, AND DEVELOPMENT

THE NOTION OF SOCIAL AND ECONOMIC DEVELOPMENT AS A CENTRAL GOAL OF public policy and of international concern emerged in the first decade after World War II as numerous former colonies, first in Asia and the Middle East, then in Africa and the Caribbean, gained political independence. For them, as for most of Latin America, political independence without steady and broadly based improvement in economic capacities and in material levels of living would be a hollow achievement. If European and North American countries could achieve high standards of material and social well-being for the great majority of their citizens, so could the later developers. The knowledge and the technologies needed to overcome poverty, ignorance, and disease and to foster economic growth were presumed to be available. What seemed to be needed to fulfill these expectations were good leadership, sound policies, high-level skills, and additional capital; generous assistance with the latter two elements would be available from such international agencies as the United Nations and the World Bank as well as from the wealthier industrialized countries. In the wake of economic development, open and democratic political and governmental institutions were expected to emerge.

Although the concept of development has been and remains imprecise, it connotes steady progress toward improvement in the human condition; reduction and eventual elimination of poverty, ignorance, and disease; and expansion of well-being and opportunity for all. It entails rapid change, but change alone is insufficient; it must be directed to specific ends. Development involves societal transformation—political, social, and cultural as well as economic; it implies modernization—secularization, industrialization, and urbanization—but not necessarily Westernization. It is multidimensional, with scholars and practitioners disagreeing, however, on relative emphasis, priority, and timing.

Development dimensions include:

1. *Economic growth*. The indispensable material base for a better life.
2. *Equity*. Fair distribution of the fruits of economic expansion.
3. *Capacity*. Cultivation of skills, institutions, and incentives that enable societies to sustain improvements and to cope with fresh challenges.
4. *Authenticity*. While learning from foreign experience, the distinctive qualities of each society are expressed in its institutions and practices.
5. *Empowerment*. Expanded opportunities for individuals and collectivities to participate and make their influence felt in economic and political transactions.

These concepts are sufficiently elastic that they command a near universal constituency that diverges, however, on specific applications. What has been and remains significant and distinctive to this era is that these aspirations are considered both legitimate and achievable on a universal scale, the framework for inspiring public policies both within less developed countries (LDCs) and in the major international institutions.

Originally, the scarce factors for development were considered to be capital for investment and technical skills. Only later did it become apparent that managerial capabilities and administrative institutions were also needed to guide the more productive use of physical resources and human skills. Management could make an important difference in the struggle against poverty, disease, ignorance, and backwardness. To some analysts, this became the critical factor, since competent management could not only use available resources to good advantage, but could attract additional resources as well. Managerial skills and institutions, it was believed, could be readily developed. In this optimistic era it seemed not unreasonable to expect that the interval from economic "take-off" to "self-sustained growth" could be reduced to a single generation (Rostow 1960).

COMPETING PARADIGMS: STATES, MARKETS, AND ASSOCIATIONS

These expectations and the strategies by which policies and programs would be shaped and implemented coincided with a period of high confidence in the efficacy and the beneficence of the modern state. By expanding the American state apparatus, the Roosevelt New Deal had overcome the debilitating economic depression of the 1930s. The wartime state in Britain and in the United States had mobilized and guided the resources and energies that finally defeated the Nazis and the Japanese. The economic recovery of Western Europe and Japan and the installation of welfare states were being successfully undertaken under governmental leadership (Appleby 1945). John Maynard Keynes (1936) had shown how the state could manage a capitalist, free-enterprise, market economy in such a way as to produce sustained economic growth with full employment and price stability. ✓

Consequently, the state could and should be the prime mover in economic development, a conviction that was shared by the leaders of the newly independent states, by international and bilateral development assistance agencies, and by the great majority of scholars and publicists who provided the intellectual underpinning for this grand development enterprise. In the prevailing model of the mixed economy, most of industry, finance, and commerce would be privately owned and operated, disciplined primarily by market processes; governments would establish the policy framework for development, enforce investment priorities, control abuses by regulation, operate major enterprises that the private sector was deemed uninterested in or unsuitable for, and provide a wide range of essential public services from education to transportation to public health, from agricultural extension and irrigation to promoting and financing small industry development (Lewis 1955). During the 1960s, the U.S. Agency for International Development as well as the World Bank required all governments that desired significant flows of economic assistance to produce comprehensive multisectoral, multiyear development plans as the governmentally sanctioned framework for both macro-level economic policies and sectoral investments, public and private.

state prim mover

Although they recognized that the capacities of many LDC governments and their bureaucracies to undertake the complex burdens of national economic planning and macroeconomic management as well as the delivery of a host of public services were limited and under considerable stress, they nevertheless expected that these temporary deficiencies could be overcome with appropriate technical assistance. The prevailing consensus regarded the state as the appropriate macroinstitution for guiding political and social modernization and for managing economic development (Myrdal 1957; Higgins 1959). Skeptics and dissenters were brushed aside as reactionaries or cranks. LDC governments expanded their activities to intervene not only in the details of investment and price policies, but also in the direct operation of economic and commercial enterprises in all sectors of the economy. The degree of state involvement varied, but by the late 1970s, government had become the dominant force in economic development strategy and practice.

gov't dom. force in dev.

The rapid and unexpected ascendancy of neoconservative ideology in the wake of the oil shock and the economic slowdown of the 1970s, followed by political victories in Britain and the United States in 1979 and 1980, prompted ✓

a fresh look at the state. The lenses for this reassessment reflected the deep hostility toward the state in neoconservative doctrine and their enthusiasm for private enterprise and market processes (Friedman 1963; Hayek 1990). These suspicions appeared to be amply vindicated by the economic disarray and the fiscal bankruptcy that confronted so many overextended governments of LDCs in the wake of the collapse of raw material prices and the debt crises of the early 1980s. The evidence seemed to confirm the neoconservative expectancy: massive incompetence in the state's fiscal and economic management, in the provision of public services, and in the affairs of public corporations; perverse policies that inhibited production and distorted economic incentives; widespread corruption, nepotism, political patronage, and profligate waste of resources; governments overloaded far beyond their modest financial and managerial capabilities.

In the neoconservative world view, the overblown state, to paraphrase President Reagan, had become the problem, not the solution. Prescriptions for LDCs followed their standard formulas for industrialized states: Shrink to the minimum the role of the state in the economy, privatize and deregulate, and rely as much as possible on market incentives and market discipline. The prime mover for economic growth must be free private enterprise, not the state that was inherently inefficient, wasteful of scarce resources, vulnerable to corruption, and threatening to individual liberty, especially to freedom of enterprise. Sponsored by the Reagan and Thatcher governments, supported by the new economic giants Germany and Japan, implemented by the World Bank and the International Monetary Fund (IMF), the new orthodoxy enthroned neoclassical economics as the proper guide for growth and development. The state would henceforth be restricted to functions that could not be privatized; markets would supplant the state as the centerpiece of development strategy.

Prior to the collapse of the state-centered paradigm, an alternative perspective arose that assigned primacy neither to states nor markets. This was the thesis of development from below, that very considerable capacity for mobilizing resources, providing needed services, and dispensing mutual self-help remained latent and untapped within society, especially in local communities (Owens and Shaw 1972). By activating these underutilized potentials, communities could be encouraged by voluntary initiative and by drawing on traditional patterns of cooperation to take greater responsibility for their own development, to build participatory institutions that would reflect the interests of their members and respond to their needs and preferences rather than to those of distant governments or profit-seeking capitalists. Through their own self-managed institutions, the people could take responsibility for their own self-reliant development along democratic lines. In contrast to top-down models in which governments or capitalist firms "deliver" development to the people, leadership and initiative would rise from the grassroots. Enthusiasm for community development—aided self-help—was an early, if naive, expression of confidence in development from below (Holdcroft 1978). Grassroots initiatives would be abetted by the innovation or rediscovery of technologies appropriate to small-scale, labor-intensive activities in resource-poor environments (Schumacher 1973).

These contrasting perspectives on development were readily reduced by some of their more zealous proponents to exclusive and dogmatic ideologies. To advocates of state-centered strategies—and this included most of the leading intellectuals and government leaders in Third World countries, Marxists and non-Marxists alike—only the state could represent all the diverse elements in society, transform them into a unified general interest, guide development in directions that were both effective and equitable, and build modern integrated national communities (Esman 1966). Unregulated markets catered to the wrong ethos, to individual egoism rather than social solidarity; they tended to benefit a small minority of self-seeking businesspeople, many of them foreigners, and to neglect or exploit the great majority of the people (Nyerere 1974). Local and voluntary associations tended to be traditional and parochial in their outlook and to be dominated all too often by entrenched, reactionary, self-seeking elites.

(1) crit of market
yet exploited

In the opposite camp, proponents of market-based strategies argued that competitive profit seeking provided the only effective incentive for economic efficiency and economic growth that, in the long run, would benefit all members of society. Competitive discipline in free markets was the most reliable regulator of economic abuses. Government interference reduced economic efficiency at the cost of economic growth, diverted resources into wasteful nonproductive channels, and rewarded incompetence, corruption, and political favoritism.

(2) crit. of state
market exploited

Supporters of development from below tended to distrust and disparage the motives and the capabilities of governments and of profit-seeking private enterprise, both of which exploit the people in similar ways. They glorified the unrealized potentials of grassroots communities and voluntary associations to empower their members and solve their own problems by self-reliant collective initiative. The process would be participatory and democratic, and the outcome would be the satisfaction of social and material needs as defined by the intended beneficiaries of development strategies. Thus the competing strategies for development came to be clothed with heavy layers of ideological armor, each proclaiming its particular perspective as the unique and exclusive path to economic salvation.

people exploited
(3)

In their more pragmatic, less evangelistic moods, partisans of these three strategies have been prepared to concede that these caricatures have practical limitations. Except for the Stalinist fringe, advocates of state-centered strategies have been willing to concede that for many economic tasks, private enterprise in farming, manufacturing, and commerce is likely to perform more productively and efficiently than state enterprises and that governments should facilitate their activities through market-based incentives. They have also acknowledged the potential of local initiative through voluntary associations, as long as such associations do not challenge the hegemonic role of the state or the stability of existing regimes. Spokespeople for private enterprise were prepared to concede a necessary if limited role for the state in establishing policy frameworks favorable to private initiative, protecting property, enforcing contracts, preventing monopoly, and providing essential public services, including education, transportation, and sanitation. They argued that taxes, however, should be kept low and subsidies that distort market processes should be avoided or minimized. They had no objection to cooperatives and other forms of voluntary initiative, especially if these substituted for government and were free of state subsidies. Partisans of development from below conceded some need for government, especially for activities on a scale and at levels of technological complexity that precluded action by local organizations, as long as they, and private enterprise as well, recognized the primacy of self-managed local institutions as service providers at the local level wherever this was feasible. Governments could "wholesale" resources and services that would then be managed at the retail level by local associations.

These contending ideologies engaged the honest convictions of participants and attentive publics in industrialized as well as Third World countries. Implicit in these ideologies are very practical questions, including relative power and control over resources among politicians and government officials, businesspeople and capitalists, and leaders of community and voluntary associations. The more strident the ideological claims, the more these competing interests tended to be expressed in uncompromising zero-sum language. In many countries, these disputes had ethnic implications as well, since private wealth and business skills on the one hand and government office holding on the other were seldom equally distributed among ethnic communities (Schermerhorn 1970; Horowitz 1985). The vigorous promotion of the free-market model by Western governments and by the World Bank, often as a condition for extending desperately needed financial assistance, seemed to government elites to be designed to shift power in their societies to businesspeople, foreign as well as indigenous, and to align local business interests with foreign interference in national sovereignty, a form of neoimperialism. Thus disputes over appropriate models of development involved not merely ideological preferences or technical issues of economic efficiency, but ultimate control over economic and political resources. The political dimensions of economic strategies have been especially transparent to the main actors in LDCs.

During the 1970s, spokespeople for these governments propagated an elaborate rationale that imputed their economic shortfalls primarily to external neocolonial dependency, to exploitative international economic regimes that extracted low prices for Third World commodities, blocked the entry of finished products to the markets of industrialized countries, monopolized modern production technologies, and denied them access to investment funds and foreign assistance in sufficient quantity and on reasonable terms (Amin 1976; Frank 1972). These grievances were reduced to an ideology that was endorsed by the United Nations General Assembly as a program for a "New International Economic Order" (Sauvant and Hasenpflug 1977).

Spokespeople for the industrialized countries, in contrast, tended to ascribe the economic failures of Third World countries primarily to internal factors—perverse economic policies that penalized production, subsidized consumption, discouraged private enterprise, and proliferated inefficient, overstaffed, and undermotivated departments and enterprises in the public sector (World Bank 1987). Why could not most Third World countries capitalize on opportunities in the expanding international economy, like their successful counterparts in Korea, Taiwan, Malaysia, and Thailand, instead of blaming their problems on outsiders, foreign exploitation, and international institutions?

This ideological standoff dissolved during the 1980s with the recognition that low and unstable commodity prices were hurting and continue to penalize many developing countries, but that their basic problems, like those in the Soviet Union, should be blamed less on outside factors than on unworkable economic policies and practices plus serious deficiencies in management, especially in the institutions and organizations of the state. There is now a broad consensus that priority must be assigned to addressing the critical internal problems of economic policy and management.

EMERGENCE OF A PRAGMATIC CONSENSUS

The economic agony of the 1980s, the widespread increase in deprivation and suffering, and the palpable declines in living standards in many LDCs have prompted a desperate search for economic policies and arrangements that can work, that can overcome economic stagnation, generate employment, increase output, and restore fiscal solvency to the state. The result has been the relaxation of ideological rigor; an inclination to compromise; a greater willingness, especially among government elites, to consider and to try new approaches and fresh policies; and an openness to pragmatic measures that allow greater scope for private enterprise and market forces. The examples of Chinese, Soviet, and Eastern European leadership in experimenting with private initiative and market incentives have been impressive, while the passing of the Reagan-Thatcher era has opened space for less dogmatic approaches from Western sources. As a result of harsh economic necessity and a renewed openness to pragmatic measures, we may be witnessing the end or at least the suspension of ideology concerning strategies for Third World development and the emergence of a new era of consensus politics.

A. The first sign of this new pragmatism is the increased willingness among participants and analysts alike to address economic performance of the state as an empirical question that may vary from country to country and even with successive regimes in the same country. Where empirical evidence highlights incompetence or resistance to economic rationality, the presumption is to seek and develop competence outside government, in market processes or in local and voluntary associations. Where governments manifest integrity and ability, they can safely be entrusted with a wide range of responsibilities. Choices regarding governmental regulation or participation in economic activities and relations between the state and markets are to be made at the margin in response to pragmatic judgments, rather than as deductions from absolutist ideological positions.

The extravagant claims of the ideologues on all sides have broken down in their confrontation with the complex reality of development. This reality has highlighted not only the limitations and dysfunctions of governments, but also the simultaneous fragility of markets and of private economic initiatives and the weaknesses of local associational capacities when confronted with the challenges of economic stagnation. The experience of the 1980s has underscored the tendency of governments to overreach their financial and managerial capacities while overlooking and often thwarting capabilities present or latent in society. Yet the fact remains that initiatives from nongovernmental sources are often feeble and unreliable; even when they show signs of vigor, they depend heavily on policies, supports, and services that only agencies of the state can supply. Sustained action oriented to economic development requires continual exchanges between the institutions of state and society. The enactment of policies and the delivery of services by government cannot be effective unless they evoke responsive behavior by the segments of society to which they are addressed. Likewise, initiatives from private enterprise or local associations are likely to falter in the absence of complementary services and supports by government. As these vital interactions and interdependencies come to be appreciated, the dogmatic and exclusive claims of the ideologues on all sides lose their credibility.

complex rel. btw state/society

very important

Thus the beginning of wisdom in the shaping of development strategies is to abandon as guides to action the dogmatic ideologies that have confounded development policy and management in recent years. The fundamental reality that should shape the management of social and economic development is the essential interdependence of governments, markets,

interdep.

and voluntary action. Their relationships do not constitute zero-sum competition, but rather complementarities that have to evolve in specific patterns for each sector of social and economic activity. Market institutions, government institutions, and community institutions all need to be activated and strengthened, while supportive linkages among them need to be shaped and cultivated. Capabilities to mobilize and use resources, to invest, to operate facilities, and to provide services need to be identified and fostered in each of the sectors that contribute to societal development.

A certain amount of competition and of redundancy among government agencies, private entrepreneurs, and voluntary associations is inevitable, even desirable. Through experience, however, viable divisions of labor and complementarities are likely to emerge. Since managerial capacities represent what is often the scarce and critical factor, the ability to design and sustain purposeful collective action, managerial skills and management institutions need to be identified, enhanced, and released in every sector of society. Presumptions about sources of initiative and the kinds of linkages that should be formed ought, where possible, to be based on pragmatic tests of where the greater competence seems to lie, and they may well differ from place to place and issue to issue. This has been the underlying premise of mixed economies in industrialized societies, and it is especially relevant to LDCs, where capabilities and incentives to mobilize resources and to manage complex activities are in very short supply. The logic of the service networks that emerge from this pluralistic pattern of development management is one of the main themes that will be elaborated in this book. Development management is at the nexus of the ongoing dialectic between state and society.

THE STATE AND THE BURDEN OF ADJUSTMENT

A priori claims for precedence—not to mention monopoly—as the prime mover of development for the state through its bureaucracies, or the market through private enterprise, or popular initiatives through local associations are therefore not helpful in this emerging, more pragmatic environment. In view of enormous needs and limited capacities, there is ample space for development initiatives from all these sources. The burden of adjustment, however, does not fall equally on all parties. Given the demonstrated tendency of most Third World elites to promote state initiatives and of governments to overextend their reach well beyond their financial and managerial capabilities at heavy cost to economic efficiency and to displace other sources of initiative, the burden of self-limitation must, for the balance of this century at least, fall primarily on governments. For even after states yield the operation of manufacturing and commercial enterprises to private firms and of collective farms to peasant proprietors, allow most prices to be set by market processes, and facilitate the provision of certain services by local associations, their remaining responsibilities will more than challenge their financial and managerial capabilities. Substantial shrinkage in the overblown ambitions and operations of the state can actually increase its effectiveness as an agent of social and economic development.

States will necessarily remain central actors in development policy and development management. They must mobilize revenues through taxation, customs, and borrowing; manage public finances, including foreign exchange; and allocate and control substantial funds for a myriad of government-sponsored programs. They must construct, operate, and maintain the essential physical infrastructure of ports, roads, bridges, electric power, water supply, and telecommunications. They must provide for public education and environmental sanitation. They must sponsor agricultural research and extension, conserve land and forest resources, protect the natural environment, and maintain institutions that ensure social order, protect lives and property, enforce contracts, and guarantee the security needed to foster investment and facilitate economic transactions. These are development-related activities that even minimalist governments must undertake, excluding industrial promotion and the numerous welfare-related activities that modern governments are pressured to undertake, if only on a modest scale. Any redistribution of resources or of opportunities in the interest of equity toward deprived classes, disadvantaged regions, or discontented ethnic communities must be initiated and implemented by the state, since markets by their inherent logic are ill-equipped to handle redistributive activities. This applies, for example, to programs intended to improve the social status and recognize and reward the economic roles of women (Dwyer and Bruce 1988; Charlton, Everett, and Staudt 1989).

To finance these responsibilities, states in LDCs must extract fifteen to twenty percent of gross national product (GNP) in revenues. As the largest employer by far, especially of educated manpower, they must recruit, deploy, motivate, compensate, and control a civil service dispersed territorially and through specialized bureaucratic structures that are essential to the performance of public services but are vulnerable to overstaffing, incompetence, abuse of power, corruption, nepotism, and similar failings.

The managerial tasks confronting these governments are enormous, even when full allowance is made for maximum participation by private enterprise and voluntary associations (Bryant and White 1982). The management of the resources and the implementation of activities that are inextricably associated with the state are challenges of very great consequence that can make vital differences in the lives of tens of millions of people. Neither capital alone, nor modern skills and institutions alone, nor sound economic policies alone are sufficient to promote and sustain the development process. All are needed, but in the absence of competent management *in the public sector,* these other capabilities cannot yield the desired developmental outcomes. What, then, are the content and the scope of the concept of public-sector management for development that will inform this book?

policy program

ADMINISTRATION, MANAGEMENT, AND LEVELS OF ANALYSIS

Among students and writers concerned with the public sector, the terms "administration" and "management" have been employed interchangeably, the distinctions between them being imprecise and even idiosyncratic. To the founders of the development administration movement in the late 1950s public administration for development or development administration included the higher-level tasks of senior public officials—shaping policy, taking decisions, and supervising the implementation of government activities oriented not to normal routines, but to the promotion of social and economic development (Riggs 1971). Management, by inference, was a more limited concept involving the details of government procedures and the routines of program implementation. Most of the literature and the courses of instruction on development administration established internationally, many of them in LDCs' universities and institutes of public administration, seemed to accept this conventional distinction between administration and management.

Beginning in the 1980s, and for arcane reasons that have eluded this author, the connotation of these two terms seems to have switched. "Management" is now on top, while "administration" implies subordinate, instrumental routines. I have been advised by younger colleagues that I have all along been thinking and writing about public-sector *management for development*, not *administration.* In deference to the prevailing preference, this is the term that I use in this book to describe and analyze the phenomena that at one time I was pleased to designate as development administration. To most laypeople and practitioners, these terms remain effectively interchangeable. Schools of business administration and of business management teach the same subjects; somewhat different subjects are taught at institutions that designate themselves as schools of public management or schools of public administration. This terminological confusion was nicely finessed by the U.S. government two generations ago when a Division of Administrative Management was established in the Bureau of the Budget under the Executive Office of the President.

When we address the reality of public-sector management oriented to development, we encounter a real problem: the appropriate level or levels of analysis. In some circles, especially among economists, public-sector

Public mngt

(A)

macro mgmt policy Econ. free market

management refers to the macro management of the national economy. It focuses on the economic policy framework and on specific policy instruments by which economic incentives are believed to be enhanced and economic behavior is regulated and disciplined. The management of the economy is a matter of the right policy choices that determine how the many and diverse economic actors, in the private sector as well as in government, will behave. The concept of public management among some development economists once involved government-sponsored and -sanctioned economic planning and the channeling of resources, especially for investment, according to priorities set by the plan (Waterston 1965). With the current ascendancy of neoclassical economics, the main managerial tasks are to get prices right and allow competitive markets to do their job. In either case, the expectation is that macroeconomic policies can leverage widespread responses among numerous individual economic actors—producers, traders, and consumers. Macroeconomic management, however, functions at a level of activity somewhat remote from the main operations of government.

b)

mid mgmt program public

The next level of analysis and action involves concrete policies and programs by which the state provides public services and promotes and regulates certain forms of economic and social behavior, while maintaining the institutions and instrumentalities of government. This is the range of activities that engages the efforts of most government employees and to which all modern states commit their funds. They extend from public works to agriculture, education, health and sanitation, and urban affairs. Within each of these sectors may be several programs or discrete projects; related sets of activities are administered by specialized bureaucracies and aggregated into departments for purposes of planning, operations, and control. Most of these activities are dispersed over territorial space, requiring the presence of government staff in field stations supervised by bureaucratic hierarchies (Smith 1985). Most of the effort of government officials, whether they are employed by line departments or by semiautonomous public corporations (parastatals), involves the management of resources provided by government. These same activities, however, require continuous interaction with private enterprises, local communities and associations, and individual members of the public. The concept of public management has usually focused on the rules and practices by which government-sponsored programs are designed, implemented, and evaluated. ✓

(C)

The third level of analysis and of action, the micro level of management, refers to the operations of individual enterprises, farms, households, communities, and local associations. With the significant exception of local governments, whose developmental role in most LDCs has been quite limited, most of these entities are in private hands, independent centers of decision and action. This is the level of management that most directly affects the great majority of people in their daily lives. These entities may be directly affected for better or worse by macroeconomic policies and by the operations of government agencies. This is not, however, the level of activity normally included in the concept of public administration or public-sector management.

The focus of concern in this book is the large intermediate band between macroeconomic management and the great variety of individual micro-level entities. It includes the functionally specialized sectors and programs of action that are authorized by, controlled by, and accountable to the state; staffed by officials and employees of government; and financed by funds provided directly by government or subject to government control and supervision. In addition to "line" activities that extract resources, regulate behavior, and produce and deliver services, this includes such "staff" or auxiliary services as the allocation and control of public expenditures, the management of public employment, and the procurement of goods and services for use by government agencies. Management at this level also covers the governance of territorially delimited authorities below the level of the state; this usually involves efforts to develop a particular region or to integrate specialized services within its boundaries.

Book focus

state & local

This vast array of state-sponsored activities—functionally specialized line programs, staff services, and territorially based operations—constitutes the domain of public-sector management as conceived in this book. Macroeconomic policies provide part of the policy context within which these affairs are conducted. Development managers may exert considerable influence over the shaping and elaboration of such policies and are mainly responsible for their implementation. On the other hand, the innumerable micro-level units that own, control, and manage most of the resources available to society are the objects of taxation and regulation and the intended beneficiaries of the services sponsored by the state. In some cases, they serve as intermediaries between government and individual members of society. Many micro-level entities are linked with government agencies through complex patterns of interaction and transactions in the networks that exchange information and resources and extend services well beyond the range that governments can normally reach.

public (state) sector mgmt

Development managers must occupy themselves not only with the internal affairs of the organizations for which they are directly responsible, but also with the external environment that is relevant to their mission. Public-sector managers at the sector and program levels may try to influence macro-level policy decisions and especially budgetary allocations, but for the most part, these must be accommodated and accepted as givens that constrain the management of activities for which these managers are responsible. They must maintain their organization, ensuring its viability and capacity to perform. They must supervise the performance of their substantive regulatory or service activities. And they must respond to and attempt to influence the behavior of other organizations with which they interact in the implementation of their programs—the challenge of linkage management (elaborated in Chapters 5 and 6). These several functions of development may require divisions of labor in senior ranks in all but the smallest organizations. Public-sector managers are normally not involved in the management of micro-level units in society, although they must be aware of circumstances within those important segments of their external environment. This includes the needs, preferences, and convenience of their "clients" or publics. They attempt to affect behavior in micro-level entities, as such entities exert what influence they can to shape government services and regulations to their interests, preferences, and convenience.

econ policy
mgmt
micro-econ

Take, for example, the vital field of agriculture. Third World governments sponsor and provide an array of services intended to implement policies that facilitate the production and marketing of crops, livestock, and forest products. Some of these activities are organized as functionally specialized programs within a line department of agriculture; examples of such programs are research and extension, plant protection, and range management. Other activities may be organized as public-sector enterprises, for example, a farm credit or crop marketing corporation; others may be structured on a territorial basis, to develop the agricultural potential of a particular watershed or region. All of them are subject to an economic policy regime, including interest rates and foreign exchange availability, that may constrain budgetary allocations, determine the prices of inputs, and affect the marketability of crops, thereby conditioning the incentives governing producers, processors, and marketers at the micro level.

These agricultural sector illustrations could be extended to the construction and maintenance of highways, health and sanitation, the promotion of small industry, and similar activities sponsored and managed by the state. Government itself and public-sector management are inherently pluralistic phenomena, a concept that will be elaborated in the next chapter. The managers of all such programs do, however, face the common problems of designing, implementing, and controlling activities that are authorized and financed by the state, constrained by public law, accountable to government, and impact on particular microentities or segments of the public. Within the public sector, these diverse activities may be more or less integrated by common governmentwide rules and practices or by routine or ad hoc coordinating arrangements. The middle band of activities—between macrosocietal and macroeconomic policies on the one hand and the numerous households and enterprises that make up the primary units of society—constitutes the pluralistic realm of public-sector management that is the subject of this book.

macro
to state mgmt
micro mgmt

The reader will have noted that the scope of development management as sketched in this chapter is limited to the executive arms of the state, those entities that are responsible for implementing the policies and programs of government. Legislative and judicial organs of the state are excluded, not because their functions are uninteresting or unimportant, but because most of their activities are not managerial. The same applies to political parties and interest groups, essential as they are to democratic political development and to what many observers believe to be a fundamental ongoing transition from authoritarian to democratic polities in Eastern Europe and many LDCs, especially in Latin America. Although parliaments, courts, and political organizations need to be managed, this is a modest dimension of their roles (Baaklini and Heaphey 1977; Loewenberg and Patterson 1979). As this book is not a text in comparative politics, and as its scope already cries out for tighter boundaries, it seems reasonable to limit the concept of public-sector management to the executive regulatory and service-providing agencies of the state.

DEVELOPMENT MANAGEMENT - capacity-build VS. MANAGEMENT DEVELOPMENT - program-oriented

As interest in this subject has expanded, two competing perspectives have emerged. The first focuses on the development of managerial capabilities and institutions. Underlying this approach is the assumption that once capabilities are in place, the various entities in the public sector will be endowed with the ability to undertake the developmental tasks that government requires, to use resources efficiently, to solve fresh problems as they arise, and to sustain increasingly complex and sophisticated activities over time. This, in brief, constitutes the capacity-strengthening and institution-building perspective in development management (Honadle and Van Sant 1986). The other approach emphasizes the management of concrete development activities, arguing that the public sector must concentrate on performance—on delivering the goods, meeting needs, and providing tangible benefits. These shorter-term exigencies, it is argued, must take priority in the allocation of resources and energies over long-term capacity building; indeed, successful experience in program operations and in concrete problem solving is the surest way to develop and sustain managerial capacity. D Mngt A.

Taking sides on this issue is not likely to be productive. Long-term capacities must be developed in government and in the private realm. As these capacities are unlikely to evolve spontaneously, governments must be prepared to invest in individual and organizational capabilities. At the same time, policies must be carried out, programs must be operated, and services must be delivered with such managerial resources as exist. Both devl. mgmt. ; major programs

objectives must be pursued simultaneously, not as trade-offs but as complementary measures. Therefore I look upon development management as comprising both the strengthening of managerial capabilities that can sustain complex activities through time and changing circumstances and the ongoing management of development programs in the public sector.

In LDCs, however, there is a special need to prevent the longer-term development of human skills and institutional capacities from being overwhelmed in the behavior of governments and of external donors as well by short-term programmatic exigencies. What most distinguishes advanced societies and their governments is not their "culture," nor their natural endowments, nor the availability of capital, nor the rationality of public policies, but precisely the capacities of their institutions and the skills of individuals, including those of management. Together these reflect their differential capacities to utilize resources, capitalize on opportunities, and adjust to changes. The availability of these capacities to act in the otherwise impoverished economies of Eastern Europe is what tempts the World Bank and other donors to shift resources from Asia, Africa, and Latin America to Eastern Europe, the expectation being that aid funds will be used more productively where action capacities, including human skills and institutions, are better developed. Thus, while ongoing operations must, of course, be implemented with what capabilities exist, it is critical to the future of LDCs that substantial energies and resources be dedicated to and invested in the enhancement of the human resources and institutional capacities that determine the ability of societies to achieve and sustain economic development. In an important sense, this is what development is all about. For that reason, the emphasis in this book tilts decidedly in the direction of capacity enhancement, especially in the field of public management.

dev mgmt = capacity enhancement

HIERARCHY AND ITS ALTERNATIVES

- input from below

Both the literature and the practice of classical public administration reflect a pronounced hierarchical, top-down bias. This is a consequence of the persistent nineteenth-century doctrine of state sovereignty—which all contemporary Third World elites have adopted—and the derivation of administrative law from this concept. Public administration is, in one dimension, an expression of the sovereignty of the state. Policies are determined and enunciated at the political levels of government; programs are shaped and refined by senior administrators. They are implemented through centralized bureaucratic hierarchies that enforce accountability upward from subordinate to senior officials. Citizen influence is exercised, when this is feasible, through the political process by elections, political party channels, and interest groups. In relation to state bureaucracies, the public is on the receiving end of regulations and services designed by remote but politically responsible officials. Because of this remoteness, readily construed as neglect and even exploitation, the state and its agents are often experienced and perceived by publics in LDCs as irrelevant and even harmful to their interests and needs.

This hierarchical pattern necessarily reflects the perspectives, preferences, and convenience of senior administrators acting in the name of their political superiors. The perspective from below, however, may be entirely different, since the specific needs, preferences, and convenience of "client" publics cannot as a practical matter be consulted through centralized patterns of decision making and operation; neither can the knowledge or experience of managers or civil servants below the senior ranks, and certainly not those on the ground who are in contact with the public, though they are responsible for the actual implementation of government-sponsored programs. The best they can do is to interpret rules and procedures in practical ways that seem adaptable to specific local situations, to get the job done in a manner not inconsistent with standard top-down instructions. The same discretion that permits needed flexibility may, however, also occasion corruption, favoritism, and similar abuses.

By the standard criteria of effectiveness and efficiency, not to mention responsiveness to public preferences, a strong case can be made for incorporating perspectives from the public and from middle-level and ground-level civil servants. How can such bottom-up perspectives be introduced into development management while the necessities of accountability, control, and even equity are likely to continue to require a considerable measure of centralized decision making and hierarchical administration? The need to relax the prevailing top-down bias in order to accommodate more input from below, from the public and from working levels of state bureaucracies, must be addressed in any meaningful treatment of development management. This too is a theme that will be explored and elaborated in this book.

THE CHALLENGE OF DEVELOPMENT MANAGEMENT

After a slow start, marked by limited effort and considerable skepticism, the development community—leaders of Third World governments as well as donor agencies—has come to accept development management as a necessary component of economic and social development. The importance of management and the priority attached to it have been more evident to the political and administrative elites of Third World countries than to most of the development assistance agencies. The latter have been dominated by economists to whom correct economic policies and investment allocations have been the keys to efficient resource utilization and economic growth. Their tendency to overlook and even disparage administration has been reinforced by sectoral specialists for whom the right technical choices in agriculture, engineering, and medicine are of decisive importance.

Recently, however, major donor agencies have begun to recognize that the paralysis of many of the policy reforms they have promoted and the recurring failures of many of the projects they sponsor and finance, including the inability of governments to sustain them after donors have terminated their assistance, have been due to inept implementation by governments, including serious deficiencies in management. Often the management dimension had not been attended to in the shaping of policies or in project design, or had been attached only as an afterthought. Rhetorical recognition of the management factor has seldom been matched either by increased priority in design or by addition to their staffs of specialists in development management. Modest progress has, however, been realized, including the establishment in the World Bank of small public-sector management units in three of its regional bureaus and of a central policy unit operating under the rubric of "institutional development." More recently, the United Nations Development Program (UNDP) has launched a $60 million Management Development Program. Vague references to deficiencies in "governance" is further recognition that donor-assisted development will continue to be thwarted unless the problems of management capabilities and managerial performance are directly addressed.

The modest but persistent attention to these problems over three decades by a small and scattered cadre of scholars and scholar-practitioners has produced a body of theoretically and empirically based knowledge that is available to inform both policy and practice. Until the late 1970s, the bulk of this research and writing was produced by Western, principally American, scholars. Many of them had been involved in technical-assistance activities in Third World countries. Originally, most of the concepts they employed and the practices they promoted drew heavily on Western rationalist paradigms of bureaucratic administration that were believed to be universally valid (Montgomery 1962; Rondinelli 1987). Their intellectual repertory was, however, soon enriched by behavioral perspectives inspired by the social sciences, by cross-cultural insights, and by anthropological notions that emphasized local distinctiveness, the latent managerial capacities in local societies, and the importance of local commitment to management reforms and development (Esman and Montgomery 1969). The intellectual capital now available to students and practitioners of development management is rich and varied.

Development administration gradually achieved the status of a minor branch of the field of public administration. Respectable academic journals were dedicated to this subject; a section on international and comparative administration functions as an active autonomous unit of the American Society for Public Administration. In addition, much useful writing, especially in public health and rural development, was produced by specialists in substantive fields, with little or no formal training in administration or management (Mosher 1975; Bossert and Parker 1982). Recently a growing volume of published work, based on local research and experience, has been produced by Third World scholars, many of them trained at the graduate level in U.S. universities and affiliated with departments and institutes of public administration in their own countries (Kiggundu 1989; Garcia-Zamor 1977; Inayatullah 1976). Although most of their concepts have been drawn from the Western tradition, concepts and practices derived from indigenous experience will increasingly be represented in their writing, contributing to practical guidance and enriching the science of comparative administration.

During the past decade, students of development management have begun to emphasize the learning dimension of applied work in this discipline (Korten 1980). Program managers in LDCs are likely to encounter a high degree of uncertainty about the results that specific interventions can yield, uncertainty about natural conditions, public response to program interventions, and the behavior of implementing organizations. Because of the prevailing uncertainty and the risk of unanticipated consequences, program interventions in Third World situations should never be treated as architectural blueprints. They should instead be regarded as action hypotheses subject to modification and adjustment resulting from systematic monitoring, periodic evaluation of processes as well as outputs, and learning from specific experience (Rondinelli 1983). Formal knowledge from the professional literature is one source of guidance; learning from concrete situations is another; the experience and judgment of front-line civil servants and of members of the "client" publics is a third source of information about what is likely to work in specific situations. Development managers must be prepared to draw on and integrate these three categories of knowledge. Uncertainty about the natural and social environment can be reduced by the careful collection and analysis of local information both before and during program implementation, a process that can be facilitated by the participation of affected publics (Whyte and Boynton 1983; Cohen and Uphoff 1977). This can be an aid and a supplement, but never a substitute for experiential learning and willingness to adjust program operations accordingly.

My intention in this book is to draw liberally on all these sources but to shape this body of knowledge in directions that I believe will be especially relevant as the twenty-first century approaches. Although this presentation will be experience based, I intend to maintain it at a sufficient level of generality and abstraction that it can be broadly applicable to the circumstances of most LDCs. There is, of course, great diversity among these countries, a few of which have "graduated" during the past decade or so beyond that circle and have joined the ranks of newly industrializing countries (NICs). I do not intend to become embroiled in definitions about the precise properties and exact boundaries of Third World states and societies. Nor is this general work a substitute for intensive country analyses or for more bounded case studies. My objective, instead, is to make general statements that account for and explain a wide range of experiences and to prescribe courses of action that can be applied productively to concrete problems of development management.

One caution, however, is indicated at this point. The management dimension of development necessarily imposes heavy burdens of leadership and enterprise on senior managers as individuals and as a group. There is, consequently, a temptation to which some writers succumb: to hope for charismatic qualities among development managers because their responsibilities are so heavy and the processes of social change in which they are major participants are so demanding. When charisma or genius appears in managerial ranks, this is indeed a fortunate accident, for men and women so endowed may by the strength of their personalities inspire extraordinary performance from others. But no realistic prescription for large-scale collective action can anticipate or rely on the availability of genius; this defies statistical probability. Managerial leadership must instead emerge from persons of above-average talent, which, unlike genius, is available at all times in all societies. Their skills can be shaped by education and experience, their devotion to duty can be evoked by a professional ethos into which they have been socialized and that is continuously reinforced, and their performance can be stimulated by an appropriate regime of incentives and rewards. A prescription for leadership roles should impose exacting requirements on cadres of above-average men and women, but if leadership roles depend on charisma, performance will always fall short, because the supply of persons so endowed is severely limited in all societies and cannot be predicted.

not genius but above avg. talent to mg.

I was once responsible for identifying and launching the training of development managers in Malaysia, a country that has been conspicuously successful in economic development (Esman 1972a). A generation later, these managers occupy a large number of the senior management posts in the Malaysian government. These people were well above average in natural talent; they were well-educated, highly motivated, and generously compensated, but none could have been characterized as charismatic. They have, however, provided outstanding managerial leadership to the organizations responsible for Malaysia's state-led development programs. Development management roles should be designed to challenge and reward persons of this caliber who are likely to be available for competitive recruitment and career development. But to design, for public-sector management, leadership roles so demanding that only persons of genius can satisfactorily fill them is a sure prescription for frustration and futility.

Development management is a social enterprise that benefits from excellent leadership in the public sector, but this must be matched by efforts that evoke similar leadership in nongovernmental organizations dispersed throughout society. Professional management cadres in government can, however, stimulate and assist in the development and diffusion of attitudes, skills, and institutions that are conducive to effective managerial behavior in other sectors of society, a topic that will be examined in Chapters 5 and 6.

2

SOCIETAL DIFFERENTIATION, BUREAUCRATIC PLURALISM, AND THE THIRD WORLD STATE

THE CENTRALIZING IMPERATIVE

THE COMMANDING PRIORITY FOR THE POLITICAL ELITES OF LESS DEVELOPED countries (LDCs) is to consolidate and maintain the hegemony of their regimes. There are other goals as well, such as economic development, the cultivation of interethnic harmony, and the spread of education and enlightenment, but these must always be consistent with and subordinate to the imperative need for the survival and consolidation of their rule. With this in mind, the strong and invariant tendency of such regimes has been to centralize power in the hands of the state and its agencies, intending thereby to reinforce their control. In economic decision making they may displace market processes with networks of administrative controls, subsidies, and regulations; often they preempt financial, manufacturing, and commercial operations from enterprises and firms and transfer these functions to agencies of government. They may strip local government authorities of their taxing powers and of their responsibilities for local services and transfer them to the administrative organs of the state. Centralized control, they believe, is a necessary strategy for ensuring the strength and stability of the state, for neutralizing or eliminating potential competitors for power, for promoting modernization and national unity, and for countering the centrifugal effects of ethnic pluralism.

LDC centr' control

Yet these states seldom display sufficient capacities to match the ambitions of their rulers (Wunsch and Olowu 1990). Economic policies that have the effect of concentrating control in the state are frequently ill-conceived and self-defeating, stifling the incentives of investors and producers. The operations of large economic enterprises owned by the state often compound managerial failures with economic policies that thwart incentives for efficiency, turn out mediocre products, and impose financial burdens on state economy

the state treasury, thereby guaranteeing chronic dependency and eventual bankruptcy (Nellis 1986; Ramanadham 1984). Due to financial and managerial limitations, the ability of agencies of the state to penetrate society with enforceable regulations or useful services often falls far short of their intentions with perverse effects, because they displace previous providers of similar services. Competition for subsidies and efforts to evade controls divert energies from production and marketing to political manipulation and provide incentives for bribery and similar corrupt practices.

During two decades of economic growth from about the mid-1950s until the mid-1970s, the managerial capacities of most Third World states did increase incrementally as their administrative institutions took root and gained valuable experience, while the qualifications of staff members improved. State budgets, supplemented by grants and loans from foreign and international assistance agencies and from commercial banks, provided funds to order equipment, procure supplies, and add personnel, thus extending the range of government regulatory, service, and enterprise operations. Management struggled with indifferent success to keep pace with the expanding activities of the centralizing state. And then the bubble burst. 50s-70s growth

Acute strains on state finances resulting from the cumulative effects of the oil shock, the collapse of commodity prices, and the debt crises of the early 1980s brought an abrupt end to the expansion of the state's reach. In economically more favored and better managed states—Thailand, Malaysia, Chile, and Togo, for example—government activities contracted slightly; in the most severely affected countries, the state's capacities were so eroded that its presence in many areas of society nearly vanished. Hospitals were no longer supplied with essential drugs, road maintenance virtually ceased, there was no fertilizer to distribute, and civil servants could no longer support their families on salaries that had been stripped of their real value by uncontrolled inflation. 1980s collapse

Thus governments confront a harsh dilemma. Their continuing impulse is to accumulate decision-making powers and operational responsibilities in the hands of the state and to expand and centralize them, thereby consolidating and stabilizing regimes that remain uncertain of the scope and depth of their legitimacy in the societies over which they attempt to exercise control. The past few years have demonstrated, however, the limitations of their financial and managerial capacities to exercise the powers they claim. It now appears that governments were unwise ever to have ventured into some of these areas; in others, their capacities are unlikely to expand fast enough to close the existing gap. The resolution of this dilemma is critical to the survival of regimes and to their ability to promote and support social and economic development. It is pregnant with consequences for development management. I shall explore methods for reconciling the insecure elites of these countries with the implications of their limited financial and management capacities without jeopardizing the viability of their regimes or compromising their developmental roles. This will require reconcentration on the core activities of government and relaxation of the centralizing tendencies of the post–World War II and early independence era.

SOCIETAL DIFFERENTIATION

econ dualism

The limited capacities of Third World states are further complicated by the highly differentiated and poorly integrated composition of the societies they are attempting to govern. The various publics that these states must attempt to serve and control often have little in common. The phenomenon of economic dualism is well recognized: "modern" enclaves that include mostly urban-based government offices, banks, factories, and trading houses, along with a few large-scale farming operations; "traditional" low-productivity occupations that involve the great majority of households—small-scale artisans, traders, and service providers in the urban "informal" sector, and numerous subsistence smallholders, tenants, and laborers in rural areas. There are few economic linkages between the "modern" and the "traditional" sectors or between various regions of the country. There is a pronounced urban bias in the shaping of policies and provision of government services, social as well as economic (Lipton 1977). Governments tend to appreciate and respond quite unevenly to the needs of their various constituents; most policies and actual allocations favor urban areas whose residents are better able to articulate their preferences, whose life-styles parallel those in the senior ranks of government, and whose grievances can represent a threat to regime stability.

LDC patron ↕ client

Less understood by outsiders but even more fundamental to the maintenance of the state is the vertical segmentation that characterizes most LDCs. In its more benign form, this pluralism is expressed in patron-client networks that are often based on extended kinship or economic dependency. The state is expected to relate to society and distribute its benefits through these patron-client channels, in exchange for which the patrons deliver their support and the compliance of their clients to the regime. The state selects or works through patrons who can take care of their followers and keep them under control; resources and access provided by government enrich the patron, reinforce the patron's authority, and stabilize the regime.

ethnic pluralism

More problematical are ethnic cleavages that become competitive and politicized (Rothschild 1981; Young 1976). The governance of ethnically plural states may involve the apportionment among ethnic communities of cultural values, including religious and language rights; of economic values, including jobs, contracts, and public investments; and of political values, including participation, representation, and autonomy. When a regime is dominated by a single ethnic community or an ethnic coalition, advantages tend to flow disproportionately to their constituents; ethnic communities that are left out may become aggrieved, alienated, and eventually rebellious. When a regime attempts to incorporate all the component ethnic communities by combinations of consociational devices such as proportionality in the allocation of benefits and regional autonomy, governance involves the continual balancing of competing ethnic demands on the limited resources and capabilities of the state. The primary identification of individuals is with their ethnic community; their adherence to the state is contingent on the satisfaction of their collective symbolic and instrumental expectations and demands. Often ambitious individuals and factions compete for the right to represent their ethnic community in its exchanges with other communities and with the state, each attempting to outdo the other in the range and stridency of their demands.

Further complicating these expressions of societal differentiation are natural factors—differences in the specific microenvironments in which communities function and people attempt to extract their livelihoods. Soils, rainfall, climate, and similar natural factors—including even human, animal, and plant diseases—may differ over small expanses of territory. Even in the absence of societal pluralism, such natural factors may require distinctive treatment and responses by government, confounding the drive toward uniformity that characterizes centralized state administration. If they are to be relevant and responsive to the needs of their publics in their distinctive microenvironments, governments must find ways to adjust the structures and processes of development management accordingly.

micro-envt

This extremely brief and simplified excursion into the sociology of Third World politics has been necessary to demonstrate a simple but fundamental reality. In the context of development management, the state presides over and attempts to intervene in societies that are highly differentiated and poorly integrated. The state is but one source of identity and allegiance, and often a minor influence in the lives of its citizens (Migdal 1988). Among these component social and economic formations, patron-client factions, and ethnic communities, and between any of them and the state, competition is endemic; conflicts may erupt at any time. The avoidance and regulation of these conflicts by combinations of accommodative and coercive means are constant preoccupations of governing elites. The maintenance of their polity takes precedence over concerns with development, and they regard the latter as instrumental to their political needs. More commonly, allocations for development and the management of these activities must take account of the unequal resources and the competing claims of the differentiated publics that are both subjects and constituents of the state.

Development management, like public administration generally, is a dialectical set of interactions between state and society. The rulers who control the machinery of the state attempt to (1) extract resources from society, principally by taxation, in order to finance the operations of government; (2) regulate behavior in ways that maintain the regime while promoting order, health, morality, the integrity of economic transactions, and similar values as defined by government; and (3) provide economic and social services and symbolic satisfactions that respond to public demand, promote the goals of the regime, and thereby ensure acquiescence and, it is hoped, support from those whose needs and expectations are accommodated by public services for which the regime claims credit. Those elements of society that can mobilize and organize themselves for this purpose strive to gain benefits from the state in the form of favorable regulations, responsive policies, and especially particularistic benefits—jobs, university admissions, contracts, subsidies, and government-financed facilities. These government-sponsored "outputs" are achieved by such tactics as promising political and electoral support or threatening the withdrawal of support; exploiting ethnic, kinship, or patron-client ties; and the employment of bribes or similar forms of corrupt inducements. These methods are used at all levels of the state apparatus, from senior politicians and bureaucrats to local agents of the state who control minor allocations and may be vulnerable to pressures from influential local politicians, landlords, or businesspeople. The state must often make expedient concessions to the reality of local power centers.

state/society exchange

In these exchanges, however, the state tends to be the more powerful actor. This is because states, even those that are understood to be "soft" states (Myrdal 1968), usually control the ultimate means of coercion, enjoy monopolistic access to foreign aid, serve as gatekeeper for foreign investment and trade, and do not ordinarily depend on public support through periodic competitive elections. Thus they enjoy a measure of autonomy in relation to their society and its diverse publics and can dictate to the latter the effective terms of exchange. To the extent that they are organized, the various publics work within these shifting constraints. Normally they attempt to cajole what benefits they can in the form of advantageous policies or particularistic benefits. If the state and its agents become ineffectual or unduly oppressive, however, sections of the public may attempt to delink or withdraw from the reach of government, seeking thereby to maximize their autonomy and freedom of action from the interference and exactions of authorities that are considered incompetent, exploitative, or needlessly intrusive (Migdal 1988). The visible effects of such withdrawal may be informal barter exchanges, underground transactions including smuggling, reliance on local self-help, and similar efforts to substitute for government activities or to keep its agents at bay.

state more powerful

BUREAUCRATIC INSTITUTIONS

For linking state and society, modern bureaucracies have proved to be the most effective, robust, and reliable instruments and intermediaries. By *bureaucracy*, I refer to hierarchical structures of authority with explicit divisions of labor, formal rules governing flows of work and information, and specific provisions for interaction with the public (Blau 1963). These familiar structures have demonstrated a unique capacity to convert human and material resources to disciplined capabilities and to generate and control action in reasonably predictable patterns over extended time and space. As authoritarian hierarchies operating under explicit rules and through intricate divisions of labor, bureaucratic organizations achieve for the elites of the state a combination of control, accountability, uniformity, and equity that no other system of large-scale organization has been able to match. The formal rules by which bureaucracies operate help political elites to fend off and defend themselves from the particularistic demands of their differentiated publics. For such reasons, all modern governments, without a single exception that I am aware of, employ the bureaucratic form of organization as their mainstay for achieving and sustaining relationships with their various publics.

It is not that politicians, state elites, or members of the public find bureaucratic structures and processes especially appealing, but rather that all the practical alternatives have proved less effective and less reliable. Political party channels, for example, may be useful for communicating information, decisions, and demands, but for the routine enforcement of regulations or delivery of services, they are ineffective and unreliable. When political parties become bureaucratized, as in single-party Leninist-style polities, they are not dependable instruments for the normal operations of government, and their activities tend to be sporadic and arbitrary. Traditional structures such as patron-client and kinship networks are limited in the publics they serve, the technical capacities they can assemble, and the accountability they can maintain. The truth is that, despite their manifold vulnerabilities to failure and abuse, the modern state has found no acceptable substitute for bureaucratic organization and no social invention that can replace it.

Bureaucracy is certainly one of the most unloved social inventions of all time. Everyone deplores it, distrusts it, and yearns for better alternatives. There are shelves of learned publications that delight in cataloging its dysfunctions and in castigating and deploring its inadequacies, pathologies, and abuses. These themes, well summarized by Goodsell (1983), are so familiar to students of public management that I shall not pause to rehearse them here. Economists are deeply hostile to bureaucracy because it appears to encroach on the market mechanisms to which their otherwise dismal science is passionately devoted; political scientists distrust bureaucracy because it appears to limit or displace the electoral, representative, and political processes to which they are committed; sociologists condemn bureaucracy because it regiments and dehumanizes society by formal rules and routines, thereby limiting the spontaneity of social interactions. Politicians are quick to deflect criticisms of their actions or inactions onto faceless bureaucrats who can be safely blamed because their anonymity and hierarchical subordination prevent them from publicly defending themselves.

Bureaucracy is charged, often not inaccurately, with contradictory offenses: with mindless adherence to rigid rules and formal, impersonal routines at the expense of performance and timely responsiveness to public needs, the means—red tape—displacing the goals; with abuse of discretion, resulting in favoritism, discrimination, self-serving enrichment, and corruption; with technical and managerial incompetence that absorbs and squanders scarce resources, while producing few benefits for society and at high cost; with bureaucratic politics, victimizing both state and society in self-regarding struggles for irresponsible power and pelf. State bureaucracies are vulnerable to the political abuses of overstaffing and of employment according to ethnic, nepotistic, or patronage criteria that undermine discipline and performance incentives. So rigid, complex, and often contradictory are the formal rules and procedures in government bureaucracies that only informal behavior outside the rules permits the essential business of government to proceed, but these informal practices invite foot-dragging and corruption.

There is observable truth in all these frequently repeated charges. Yet the effectiveness of development management cannot be advanced by the intellectually and morally futile, sterile, and irresponsible expedient of bureaucrat bashing. Nor can it be advanced, beyond a reasonable point, by attempts to bypass or substitute for state bureaucracies. Some activities can and should be removed from government and committed to market processes and to private enterprise, often, alas, to private-sector bureaucracies. Other activities may be devolved to local authorities or to community or voluntary associations. Privatization and devolution, however, always leave residual roles for government services or regulation that must be managed by bureaucratic agencies. For the bulk of activities that must remain with government, bureaucratic organization, with all its imperfections and vulnerabilities, will continue to be the main instrument of action for states in LDCs, as it has been in all industrialized and Communist systems.

One thesis that I advance in this book is that bureaucratic organization, as a vehicle for development management, has both rough virtues and troublesome defects. As a human institution, it falls far short of the well-oiled production machine conceived by the proponents of scientific management or of the Weberian rational-legal ideal-type structure (Weber 1947). The virtues, however, substantially outweigh the defects, and neither theory nor experience has identified alternative structures that can serve the same set of purposes with anything approaching equal reliability or effectiveness. Therefore, the constructive directions for development management are to (1) identify and implement methods to increase the productivity, effectiveness, and responsiveness of bureaucratic structures and (2) combine the discipline and control that are essential to governmental accountability with operational flexibility needed to accommodate societal differentiation, while (3) controlling and minimizing dysfunctions and abuses and (4) enhancing programmatic linkages among official bureaucratic entities and between state agencies, private economic enterprises, local authorities, and associations in the voluntary and community sectors of society. In the chapters that follow, these themes will be elaborated.

BUREAUCRATIC PLURALISM

The bureaucratic structures of the state constitute the institutional environment in which and through which public development managers function. With their personnel, the authority conferred on them by the state, the material and financial resources entrusted to them, and the information they control, these organizations are the instruments through which development managers, as agents of the state, act on society and respond, in turn, to societal demands. State bureaucracy, however, constitutes a profoundly plural phenomenon. There is no single state bureaucracy, nor can there be. Conventional references to "the" state bureaucracy as an aggregate or collectivity are useless and misleading. Every bureaucratic agency represents a distinctive subculture within the state apparatus. This distinctiveness is a function of the professional training and orientation of the senior staff, of the technologies they employ in producing their outputs, and of the needs, capabilities, and expectations of the particular publics they regulate or serve. Thus the culture of an enterprise that generates and distributes electric power differs markedly from that of a family-planning agency, and both of them differ from a central bank or a department of prisons and corrections.

There are, as I noted in Chapter 1, some integrating forces, among them common requirements for claiming funds and for expenditure control, common procedures for the procurement of supplies and equipment, and common rules and standards governing the employment and compensation of personnel and their working conditions. The effectiveness of these common rules and procedures is, however, quite problematical. The various bureaucracies enjoy a considerable measure of operating autonomy, and this is reinforced by the political weight of their ministers, birds of passage who nevertheless are able to claim discretionary space for the empires of which they are temporarily in charge. The relative autonomy of these vertical, functionally specialized structures, including their inclination to maintain tight boundaries in relation to parallel bureaucracies performing complementary activities, produces one of the classical dilemmas in modern public administration. This is the difficulty of programmatic coordination among bureaucracies charged with complementary, even interdependent, functions that affect the same public—for example, irrigation, farm credit, and agricultural extension, especially at the field level. In Chapter 4, I examine programmatic coordination as a problem in development management.

The daily encounter between bureaucratic pluralism and differentiated publics is one of the main tensions confronting development management. The normal tendency in bureaucracy—as among academic students of public law and administration—is to regard its clientele as an undifferentiated public to whom regulations are to be applied and services delivered uniformly, therefore objectively and equitably. Differentiated publics, on the other hand, expect to be treated according to their distinctive needs and special circumstances. They may, for example, demand that services be provided in their minority language or that certain individuals or groups be accepted as intermediaries between them and government agencies. The intention and the effect are normally to mitigate the impact of regulations, increase their share of benefits, or respond to their particular needs and preferences. They may be abetted in these expectations by the political weight of their spokespeople or by the penetration of members of their own community into the bureaucratic ranks.

Development managers find themselves in the middle, at the point of impact between the propensity for uniformity and control in their bureaucratic headquarters and the particularistic expectations and demands of their differentiated publics. The dimensions of this inherent tension are, of course, variable in their scope and intensity. The resolution of these incongruent expectations involves expedient understandings and techniques of accommodation, usually informal, that test the political skills of development managers. Eligibility for agricultural credit might, for example, be stretched to include a women's cooperative that manufactures and markets handicrafts on grounds that they contribute to the local rural economy while complying with standard rules for the repayment of loans. Although such adjustments may compromise formal patterns of bureaucratic operations, they allow the state-society dialectic to be played out in ways that are more or less tolerable to the concerned parties.

What contributes some coherence and integration to these pluralistic structures and their specialized activities are the processes of management.

Whatever the sector, the core of the management function involves the allocation and control of funds; the deployment, motivation, and supervision of personnel; the production and marketing of public goods and services; the enforcement of accountability and of quality control; the accommodation of publics that consume services; and the cultivation of linkages with external agencies. These are among the common functions and requirements of development managers in whatever sector they operate. It is these common functions and the common skills required in public-sector management, combined with an ethos of public service, that warrant the designation of development management not only as a process but also as a profession. In the hands of incompetent, unmotivated, or corrupt personnel, development management can add up to a net burden on society, consuming in resources more than it provides in benefits; in the hands of committed and highly motivated professionals, even under unpromising political conditions, it can make a decisive contribution to sustained and broadly based social and economic development.

The integrative functions and the professional dimensions of development management are themes that will be explored in subsequent chapters. In no state are they entirely present or entirely absent. The posture of the regime in control of the state provides constraints or opportunities for the exercise of management skills. Development managers can expect to exert some influence, but seldom a determinative influence, on the behavior of political elites, and it is idle to postulate ideal regime behavior as the precondition to optimal management performance. For the most part, managers must function within the constraints, while making the most of the opportunities afforded by the regime under which they operate. Parallel to carrying out their substantive service, regulatory, or enterprise responsibilities, one practical task is the incremental enhancement of the capabilities of individual bureaucracies in which and through which most public-sector managers function; and more broadly, of the interbureaucratic and interinstitutional networks that increasingly constitute the framework for the promotion and implementation of development-related activities.

ON STATE AUTONOMY

A treatise on development management cannot fail to come to grips with the issue that more than any other has preoccupied political scientists during the past decade: the question of the autonomy of the state. Is the state normally free to exercise authority over society, to impose the will and the preferences of its elites and officials (Evans, Rueschemeyer, and Scocpol 1985), or are the actions of government mainly constrained and determined by pressures from organized interests in society (Easton 1965)? To put the matter crudely, can the state, through its bureaucracies, dominate society? Or do societal interests exert effective control over the instrumentalities and actions of the state? This is not a trivial question, for if the state's development managers are mostly captives and tools of societal forces, then they cannot exert independent power; endowed with limited discretion, they become relatively minor, unimportant actors in the development process, implementers of routines, hardly deserving of serious scholarly attention.

In evaluating this controversy, I revert to an earlier observation about state bureaucracy as a plural phenomenon. This being the case, it becomes impossible for "the" bureaucracy to be captured, since each section of the state's executive apparatus confronts different publics endowed with different resources, capabilities, and expectations. The question then comes down to this: For any individual program of action, in what direction does predominant influence run? Is initiative primarily in the hands of one or more state bureaucracies, or in the hands of one or more organized interest groups? With bureaucracy thus disaggregated, as it must be to conform with reality, the question of relative autonomy or capture becomes in every instance an empirical determination. Neither the primitive Marxian notion that the state serves as the agent of the (bourgeois) ruling class, nor the sociological claim that societal forces necessarily determine politics, nor the contrary proposition that the autonomous sovereign state is the dominant actor provides reliable rules for judgment in individual cases.

Empirically, on particular issues and programs, the predominant influence can run in either direction. At one end of the spectrum may be the bureaucratic agency that dominates the administration of a program and reduces its public to total dependency; in such cases there are few countervailing influences from society. At the opposite end is an agency that has been captured by its clientele and is systematically and predictably bent to the latter's interest. Between the theoretical extremes are numerous intermediate combinations of relative influence. An urban housing agency may be in full control of the allocation and management of sites and services in relation to its unorganized public; a department of agriculture and its associated marketing parastatal may be entirely responsive to politically aggressive organizations representing landed interests; an irrigation bureaucracy may be in effective control of the cultivators who depend on it for the reliable supply of a vital production input, but that same department may be extremely sensitive and responsive to large construction contractors who contribute generously to political campaigns and are willing to share some of their profits with senior officials; a ministry of finance may be highly solicitous of the advice and interests of commercial banks, resolving most doubts in their favor, but when circumstances require, that same bureaucracy may impose severe regulatory controls to combat inflation. The direction of influence may shift with changing circumstances.

In general, the better organized the clientele and the more open the polity to societal pressures, the less the autonomy of the state bureaucracies and the greater the influence of organized interest groups. These factors vary from country to country, they vary over time, and they vary with individual sectors and programs of government. Further complicating these relationships may be tensions between politicians and senior bureaucrats, the former more inclined to be responsive to friendly interest groups, the latter more inclined to insist on the integrity of rules and the hegemony of officialdom. It is nonsense to treat these relationships as gross aggregates; the balance between bureaucratic autonomy and societal influences is in every instance an empirical determination.

In treating the dialectic between state and society, there can be no a priori judgments about the direction of influence. In this pluralistic universe, each case must be evaluated by the evidence. In some situations, state bureaucracies may be overresponsive to organized clienteles, even performing at their behest. In others, the state exerts a dominating influence, degenerating at times to exploitation of particular publics by neglect, abuse, or extortion. By sector and program, the state may be overresponsive or underresponsive to relevant publics. In most Third World states, the levels of social mobilization and political activation are relatively modest, the claims of organized interest groups on the state are manageable, and the bureaucracies retain considerable discretion and freedom of maneuverability.[1] The quality of development management can therefore make an important difference in the productivity and quality of life of members of the public; it is not predetermined by politics. Consequently, there is less danger of capture than of insufficient capabilities, managerial and financial; less danger of capture than of governmental overload resulting more from the defective strategies of state elites bent on expanding and consolidating their power than from the demands of organized societal interests.

ON THE WITHERING OF THE MODERN STATE

A number of contemporary scholars and observers, often with the enthusiasm of pristine revelation, argue that the era of the modern territorial state has begun to pass into history, to be supplanted by other patterns of authority. The latter range from the transnational corporation to suprastate structures or to local communitarian associations. Though there is no a priori reason to expect that the modern state will survive indefinitely in its present form, I see little concrete evidence in LDCs that radical transformations are under way. That politically unaccountable, profit-seeking transnational corporations might substitute for the state is a profoundly distressing prospect for any society; but although transnational enterprises will almost certainly be major actors in an interdependent global economy, there is neither evidence that they are displacing the core functions of the state nor any theoretical basis for that expectation; indeed it can be argued that the state is increasingly needed to protect societies from the excesses and abuses of transnational corporations. Devolution of some service and regulatory activities from centralized governments to regional units, local authorities, and voluntary associations is a genuine prospect—indeed it is strongly recommended in this book—but in no instance I am aware of have these entities substituted for the major functions of the state. The Soviet empire and the Indian federation may indeed devolve substantial powers to their constituent regional authorities. Some of them may even achieve political independence, but these successor structures are almost certain to function as territorial states, inheriting and deploying on a smaller scale the powers and functions of their multinational or multiethnic predecessors. The disintegration of the latter does not imply the withering of state power, only its relocation.

The strengthening of the European Economic Community—progressive economic and informational integration with important implications for both social policy and human rights—has not displaced the established states in Western Europe. It has added another arena of politics and administration in which established states remain the principal actors. Outside Europe, efforts to achieve effective supranational cooperative structures with more than consultative functions have been uniformly unsuccessful. The Central American Common Market has collapsed; the very useful East African Common Services Organization has ceased to function. Despite the apparently irrational scale of many contemporary states as economic units and their inability to support separate institutions—for example, for specialized higher education or agricultural research—the creation and maintenance of suprastate structures even for manifestly desirable purposes have been hard to achieve, and successful cases are fragile and rare. While the future may witness the emergence of successful suprastate institutions for specific specialized functions, and while instances of economic and technical cooperation may generate more generalized suprastate structures, there is little reason to expect that these will in significant ways diminish the powers, functions, or roles of the territorial state. That the state is about to wither away is a fanciful proposition, one that, in view of all the visible evidence, should not detain serious students of public affairs (*Economist* 1990). For the most part, these prophecies are grounded in crude and simplistic notions of economic determinism, overlooking the noneconomic functions of the state and even the formidable residual functions of statehood that accompany economic integration.

The implications for development management are clear. The state will continue to be the major political structure within which and through which initiatives oriented to economic and social development are managed. Public development managers will continue to be employed by the state and to work within its imperfect and pluralistic framework. But because of the societal pluralism inherent in all LDCs combined with severe limitations on the operating capacities of the state, political and administrative elites can no longer convincingly claim a monopoly on development initiatives and responsibilities. They must come to terms with and adapt their policies, structures, and procedures to the realities of their task environment as outlined in this chapter. The state will remain an important, but by no means monopolistic, actor; patterns of cooperative and competitive accommodation between state bureaucracies and other segments of society will be worked out and adjusted mainly by public development managers. This will constitute their major challenge, the dimensions of which are a principal theme in the chapters that follow.

Summary

NOTES

[1] A conspicuous exception appears to be contemporary India. Scholars writing on that polity argue that the state has been overwhelmed by too much politics, especially by the aggressive demands of caste associations, organized landed interests, and industrial capitalists, that preempt the state's resources and administrative energies (Kohli 1990).

3

BUREAUCRACY AND PROGRAM MANAGEMENT

BUREAUCRATIC ROLES: INSTRUMENTAL, POLITICAL, ENTREPRENEURIAL

BUREAUCRATIC ORGANIZATION IS LIKELY TO REMAIN THE BASIC STRUCTURE within which development managers function and through which management affects society. Ideally, bureaucracy performs like a disciplined machine, converting laws and policies efficiently and predictably to outputs as contemplated by the military model or the rational-legal ideal propounded by Max Weber (1947). Nowhere is this expectation realized, though it is close enough in many Western polities to serve as a rough and credible point of departure for the empirical analysis of administrative institutions and program implementation. In most less developed countries (LDCs), however, distortions of the Weberian norm extend much farther, due to a combination of limited capabilities, perverse incentives, complex and poorly integrated societies, cultural norms that contradict the rational-legal logic of bureaucratic behavior, and political penetration of administrative structures. Under these conditions, the ability of state bureaucracies to carry out the intentions of their political masters or to do so at acceptable levels of efficiency is problematical. Bureaucratic organizations become both indispensable resources and vexing problems (Kiggundu 1989, ch. 1).

Operating through bureaucratic structures, development managers perform several functions. Their manifest function is purely instrumental—to convert public laws and government policies to routine courses of action that enforce regulations and deliver predictable services to specific publics in cost-effective ways. This instrumental role shapes the standard self-image of development managers, as it does of career public administrators everywhere. This is also the role of career executives that is most acceptable to senior politicians and government elites. The late prime minister of

Malaysia, Tun Abdul Razak, once issued these instructions in my presence to a gathering of senior civil servants: "I make the decisions; your job is to implement them faithfully, promptly, and efficiently." The instrumental function has been the main concern of academic observers associated with the discipline of public administration—how to enhance the effectiveness and efficiency of program managers.

More sophisticated observers have long recognized the political function of senior public administrators, including development managers. Through their "advice" to political superiors, their technical and managerial expertise, their control of vital information, their ongoing contacts with relevant publics, they influence the policies and the content of the programs for which they are responsible. They are active players in the competitive struggle for favorable policies and scarce budget resources. In the implementation of programs and in their application to specific circumstances, they decide what information is relevant, and they "interpret" policies and rules in ways that make important differences to members of the public. Indeed, their control of policy and program implementation may, deliberately or inadvertently, produce consequences substantially at variance with those intended by their political masters. These discretionary dimensions of development management are recognized as normal expressions of their unavoidable political function. When, however, their political activities extend to the use of public office for the diversion of government funds to themselves and their associates—political corruption—or to the deployment of bureaucratic influence to affect the disposition of power in the state, then the boundaries of their legitimate political functions may be considered to have been breached. Where this boundary lies in specific situations can be disputed. There can be no disputing the fundamental point that the activities of development managers in influencing policy and controlling implementation include important political dimensions (Lindenberg and Crosby 1981).

In a developmental context, senior managers are expected to perform in a third, entrepreneurial role—that of initiating and facilitating action that would otherwise not occur. Public entrepreneurship includes activating unutilized resources, inspiring and supporting nonroutine behavior, and helping government officials and members of the public to reorient and recombine material and human resources, thereby enabling the achievement of outcomes that had previously been impossible. The conventional image of the rule-bound, risk-averse bureaucratic manager excludes the entrepreneurial function. Yet there is considerable evidence that development managers can and do perform as entrepreneurs; their initiatives and leadership can and do break bottlenecks and make things happen at the level of individual projects, large-scale programs, and the interorganizational and interinstitutional networks that increasingly constitute the arena in which senior development managers operate (Paul 1983). Although government managers are by no means the sole entrepreneurs, their authority, prestige, and control of resources can and should be focused on innovating new and unorthodox ways of addressing concrete developmental tasks.

BUREAUCRATS AND THE PUBLIC INTEREST

More arguably—but consistent with a major thesis of this book—is a fourth function: the contribution of development managers to the shaping and definition of a "public interest" that in every sector of government may constrain the self-regarding demands of competing interest groups. As career officials in the service of their state and society, and as politicians come and go, development managers are the more permanent stewards or custodians of a public interest that extends beyond the satisfaction of immediate individual or group interests. In Chapter 7, I elaborate the theme of managerial professionalism, which includes, among its ethical imperatives, the conception and the defense of the important, if elusive, concept of a public interest. This is a controversial position, due in part to skepticism about the very notion of an identifiable public interest and about the ability or even the appropriateness of unelected mandarins presuming to participate in its definition and interpretation. I limit myself at this stage to asserting that in addition to their generally recognized instrumental, political, and entrepreneurial roles, development managers are vested with this fourth function that relates to the concept of the public interest (Montgomery 1962).

The performance of these functions produces tensions and conflicts. Political elites expect development managers to be complete and perfect instrumentalists. Even the most self-effacing senior development managers cannot, however, escape their political role, but if they practice it boldly and decisively, they may be accused of usurping the politicians' powers; if they decline to act or refer all such matters to their superiors, they can be accused of timidity or failure of initiative. The safest course for most development managers is to interpret political problems in legal or technical terms, to define and present them in technical language, protecting themselves by finessing any obvious entanglement in political decisions. Thus they search for objective formulas to render automatic such basically political processes as the allocation of public-works projects among competing districts. Although this is a useful defensive tactic, it is only a tactic; it does not subtract from their actual political role. The training of development managers should be such that it relieves them of any self-deception and helps them accept moral responsibility for actions that are essentially political, in that they involve the exercise of discretion, produce differential consequences, and distribute differential advantages and costs to different individuals and segments of society.

I mention here, but do not intend to be detained by, the Marxian notion that senior public managers, as a component of the dominant bourgeoisie, cannot implement such bureaucratic reforms as decentralization because these would reduce their power and thereby undermine the hegemony of the class they represent (Hirschmann 1981). This exercise in deductive logic both oversimplifies Marxian class analysis and is disproved by abundant observable evidence. Senior officials do not necessarily share the perspectives of industrial capitalists or of landed rural elites. They can function as a bureaucratic interest group, but frequently they are segmented and disunited. Senior officials are, moreover, driven by mixed motives—a theme I elaborate in Chapter 7—of which the defense of class privileges may be one, but not their only or even their main concern. For that matter, it is not clear that structural reforms that shift the distribution of class power in society reduce their effective influence. They can and do serve as agents of developmental change.

CRITERIA FOR RECRUITMENT

In the evaluation of public bureaucracies, a number of critical problems have emerged that continue to confront the more stable governments in the West and remain unresolved in most LDCs. In this discussion, I assume the advantages of a career civil service, which provides expertise and continuity to the administration of public affairs and whose members remain in office during good behavior until they reach retirement age. I know of no convincing argument that a modern state can staff its bureaucratic structures by any other method, nor do I know of a single successful modern polity that does not conform to these practices (Mosher 1968). I regard the career civil service concept as a nondebatable necessity for any state whose leaders seriously aspire to promote social and economic development. Within the framework of a career civil service there are a number of variations, alternative practices that, especially at the level of management cadres, can affect the quality of public administration. It is these choices that I examine in the next several paragraphs.

The first of these is the principal criterion for recruitment and selection to permanent or career posts in the civil service. The preferred criterion is merit, based on competitive selection—and subsequent advancement—of the best qualified applicants according to objective tests of aptitude, educational achievement, relevant experience, and job performance. The determination of what standards are most appropriate for specific classes of positions, how to measure them, and how to rank applicants for eventual selection continue to be debated among specialists in public personnel management. The principle of selection and advancement by merit, however defined and measured, is widely accepted on two grounds: It provides the state and the public service with the most qualified applicants, and it chooses among competitors according to objective standards; it serves the goals of both efficiency and fairness.

Yet many regimes in LDCs do not follow this method of selecting or promoting development managers. They rely instead on political criteria, rewarding loyal supporters of the regime and its elites with government posts, such loyalty and support being measured by personal or political allegiance or by kinship and ethnic affiliation. Patronage appointments allow political elites to consolidate their position by forging networks of dependent loyalists whose jobs and living standards depend on the continuing power of their patrons. Loyalty and political service are exchanged for government employment. The conventional justification for this practice is that rulers must be able to trust subordinates to enforce their will and implement their policies with enthusiasm. In the hands of neutrals, so the argument goes, policies will not be carried out with the necessary sympathy and understanding; in the hands of careerists who may prove to be closet enemies, the intentions of political elites may be undermined and even sabotaged. Rulers are often more than willing to sacrifice efficiency for fidelity. In the words of the late Chairman Mao, it is more important that subordinates be red than expert.

The notion of representative bureaucracy needs to be addressed in this context. Since public-service positions provide material rewards and status as well as power to shape policies and distribute resources within society, government bureaucracies, it is argued, especially at managerial levels, should faithfully reflect the diverse interests in society. This is especially important in LDCs where government jobs are extremely attractive, especially to educated men and women, and society may be highly differentiated and segmented along ethnic lines. Thus representative bureaucracy provides a means for managing conflict among ethnic communities by allocating government positions in the military as well as the civilian sectors according to the principle of numerical proportionality. Merit criteria and technical efficiency may thereby be compromised or superseded in the interest of distributional equity and political stability. Within each group, selection may be governed by either merit or patronage criteria. On the problematic side, representative bureaucracy may produce informal ethnic networks in government or in individual agencies that promote the interests of their members and channel the flow of public resources and opportunities to ethnic kinsfolk in defiance of formal allocative criteria and even the intentions of political superiors.

Respect for merit criteria in personnel actions, problematic as it may be to identify and measure, is closely associated with effective administrative performance. Yet governments in Third World countries pursue values other than instrumental efficiency and fairness among individuals. It is naive to expect merit criteria alone to determine recruitment and promotion practices. Merit is likely to be one of several criteria for selection and advancement, respected more for some kinds of positions, for example, engineers, doctors and agronomists, than for others that are technically less demanding. In many lines of work, merit is recognized by the establishment of minimum educational attainments; persons who satisfy the minimum requirements can then be appointed or promoted by patronage methods or representative criteria. Development managers, who are themselves often the products of selection by criteria other than pure merit, must be prepared to evoke good performance from staff members selected by equally flawed criteria.

POLITICAL NEUTRALITY

Civil servants everywhere are expected to be loyal to the state that employs them. But how committed need they be—should they be—to the regime currently in office? Classical Western bureaucrats, loyal to the state and its institutions, faithfully execute its laws; their expertise and advice are available to their political masters, whose policies they implement even when they may disagree with them. Between competing political parties, they are scrupulously neutral; they are required to abstain from partisan political activity. Political neutrality is the price the career civil servant pays for continuity in office, for being acceptable to politically responsible ministers from whatever party or faction temporarily holds office.

The contrary view is that the loyalty of civil servants to the abstract state and its laws and institutions is insufficient; the regime in office is entitled to positive loyalty and enthusiastic commitment. Having faithfully served the previous regime and helped to implement its bad policies, politically neutral civil servants may be suspected of moral indifference, tantamount to passive opposition. Upon winning office by election or by violence, a government, according to this perspective, is entitled to fill key managerial posts in the civil service with unambiguously loyal supporters. Only committed civil servants can be relied on to execute the policies of their political masters with enthusiasm and employ their discretionary powers in ways that protect and strengthen the regime. Better sacrifice some expertise and experience to achieve the advantages of commitment and reliability.

Politicizing the civil service is a certain prescription for mediocre performance, since the main criterion for recruitment and survival in office is political loyalty, rather than ability or performance. Political neutrality does not ensure good performance, but it makes it possible; it allows professional standards to be applied and rewarded. When political criteria prevail, loyalty and influence displace talent and performance as criteria for recruitment and advancement; opportunities to professionalize the civil service are consequently limited. Political neutrality facilitates, though it cannot ensure, effective development management.

GENERALISTS VS. SPECIALISTS

What of the choice between generalist and specialist managers? Should managers emerge from the ranks of professional and program specialists, from public-works engineers, agronomists, doctors, economists, and teachers—persons who would be expected, by experience and additional training, to add managerial and policy skills to their programmatic expertise? Or should managers be recruited and trained to be experts in management, with broad policy and general managerial capabilities, administrative generalists able to apply their skills to any substantive field of activity? Should the more senior ranks of the civil service, those that deal with larger policy and managerial issues, be filled exclusively or mainly from a generalist administrative elite, rather than those whose basic training and experience have been in the specialized professions? European, especially British and French (but also Japanese), practice has favored generalists as an administrative elite, monopolizing senior civil service ranks, from which program specialists are mostly excluded. The U.S. pattern frowns on the notion of an administrative elite and encourages the movement of program specialists, primarily by experience, into managerial roles, including the most senior civil service posts available to career personnel.

My conclusion from observing both these patterns is that each of them is workable, but that the growing complexity of government favors the U.S. pattern, which calls for adding managerial expertise to backgrounds in professional and programmatic specialization. This requires more formal midcareer training in policy analysis and in managerial skills than is generally available to specialists when they advance into managerial roles. Conversely, generalists, whose administrative and policy skills are often more assumed than demonstrated, can be required as they advance in their careers to specialize in broad substantive and policy areas—for example, finance, urban affairs, public works, environmental and resource management—so that they become competent to supervise program specialists. This pattern, however, imposes a ceiling on the career aspirations of engineers, doctors, economists, and other professionals that can seldom be justified by the superior talent, training, and performance of generalists in managerial positions.

Either arrangement can be made to work. The training of generalists in managerial and policy skills can be more explicit, and they can be compelled to specialize in broad program areas; alternatively, program specialists can be required to enhance their managerial skills as they move into administrative roles. Unless, however, there are compelling political reasons to favor the persistence of the generalist-elite system—for example, that the All-India Administrative Service counteracts dangerous centrifugal tendencies in the Indian federal state—the presumption for future development should favor the U.S. pattern, adding managerial skills to a foundation in program specialization. The complexity of modern government puts a premium on substantive knowledge and experience, while the entrenchment of a cadre that claims high status immediately upon recruitment from universities is unfair to specialists who are equally and often better educated and no less talented or experienced in actual managerial tasks.

IMPROVING BUREAUCRATIC PERFORMANCE: CLASSICAL METHODS

How does one improve the performance of bureaucratic organizations charged with the implementation of development programs? During four decades of experience with international assistance, the main donor agencies have employed four methods:

1. Enhancing managerial skills by education and training in the institutions of the donor country and by establishing and strengthening training institutions and programs in LDCs. The main objective has been to upgrade the management skills, the professional orientation, and, more recently, the policy-analytical competence of individual career executives (Kerrigan and Luke 1987).
2. Improving the technologies available to managers, thereby enabling them to use resources more efficiently and make their performance more effective. This transfer-of-technology approach includes financial methods such as budgeting, accounting, and expenditure control; improving the speed and accuracy of information flows, particularly through microcomputers; and more rational methods of scheduling, monitoring, and evaluating program operations (Kiggundu 1989, ch. 6).
3. Rationalizing organization and procedures and adjusting structures and methods to enhance management control, save resources, increase efficiency, and speed the delivery of services—applying to government operations the prescriptions and experiences of the scientific management movement and its technocratic successors in private industry (Rondinelli 1987).

4. Strengthening bureaucracies as social institutions, building institutions in ways that both enhance their internal capabilities and improve their ability to interact productively with their external environment and thus sustain the development activities for which they are responsible (Esman 1972b).

These classical methods of management improvement and development and related concerns with program management have been elaborated in an extensive literature that incorporates the state of the art in contemporary development administration (United Nations 1975, 1978; Brinkerhoff 1990). They apply to all levels of activity, from individual programs and enterprises to economic sectors and even to government as a whole. The utility of and continuing need for these methods are clear, even though they are often promoted dogmatically and make insufficient allowance for adaptability to specific Third World conditions. Except for the institution-building approach, their main limitation is their technocratic orientation, assuming as they do that the underlying political and cultural environment will be receptive to and supportive of such innovations. This has proved to be inadequate to the tasks at hand, failing to address the structural, motivational, and political dimensions of development management.

Beyond the technocratic measures that promise increased efficiency, what is most needed is to loosen the rigidities of classical bureaucratic structures and adapt their operations to the uncertainties, complexities, and societal pluralism that characterize the environments in which they operate. The problem with the aforementioned standard approaches to improving development management is not that they are wrong or unnecessary, but that they are too narrow in their conception. They neglect the pluralism within bureaucratic structures and the incentives that motivate behavior—topics that have been extensively developed in the literature on organizational behavior. They overlook the complexities of the external environment that confront all developmental bureaucracies and the political forces that act on all government agencies and the programs they administer.

How then can the structures, procedures, and operations of government bureaucracies be loosened or adapted to enhance their performance as development organizations? How can the advantages of the bureaucratic method of organization and operation, including the control, discipline, and accountability that are essential to responsible government, be reconciled with the need for flexibility and timely response to differentiated publics in pursuit of developmental goals? This question, fundamental to development management, is the main focus of the rest of this chapter. The methods outlined can be categorized as structural, procedural, motivational, political, and the control of abuses.

STRUCTURAL REFORM

Administrative Deconcentration

A continuing problem of bureaucracy, one that can never be finally resolved, is the balancing of central control with operating discretion by subordinate staff, especially those in the field at a physical distance from headquarters. The inclination of agency headquarters is to apply strict rules, to preprogram all decisions so that their implementation is reduced to routines, and to require all exceptions to be referred to headquarters for amendments to the rules or for special treatment. In this way, senior politicians and administrators, many of whom feel more comfortable and competent dealing with specific operational cases than with general issues of policy, attempt to assert continuing control over specific problems that arise and thereby counteract centrifugal tendencies resulting from the machinations of local elites and the complicity of field staffs. The inclination of field personnel is to ask for some discretion to interpret general policies and specific rules to accommodate the realities they encounter, realities that result from natural and social heterogeneity or changing conditions that could not have been anticipated when rules were formulated and programs designed. These tensions are inherent in all large and complex organizations.

The determination of which concessions headquarters should be prepared to make in favor of timely response to local circumstances and which matters require strict uniformity depends very much on the subject. Policy matters that threaten macropolitical consequences are certain to be reserved to the highest levels of government; matters that are considered more routine can be decentralized and handled as incremental adjustments within field bureaucracies. Financial obligations such as taxes and entitlements such as pension payments must be precise and uniform, allowing for little or no managerial discretion. The operation of small irrigation systems, local health clinics, or urban sites and services activities may, on the other hand, benefit greatly from—indeed may require—a measure of on-site managerial discretion. Within the same activity, some matters may require uniform rules, for example, the price of pharmaceuticals in rural health centers, while the operation of these facilities ought to be flexible enough to respond to specific local health problems and the convenience of the public.

The main structural expedient for toning up bureaucratic performance is decentralization in its various forms. Here we are not speaking of the state divesting itself of activities that it has been performing and transferring them to nongovernmental agencies by the processes of privatization and deregulation. These processes and their implications for development management are dealt with in Chapter 5. At this point, I limit myself to the twin processes of administrative deconcentration and institutional devolution of activities that continue to be performed by government (Rondinelli, Nellis, and Cheema 1984; Silverman 1990). This problem arises because of the aforementioned tendency of governments to concentrate decision making in the capital city and at the top reaches of government hierarchies. The consequence is that headquarters is overloaded with small decisions, action is long delayed, decisions are made without significant input of local information or understanding of local circumstances, and subordinate personnel, especially in the field, are deprived of incentives to use their initiative or to respond to the needs and convenience of the public. Bureaucracy thus becomes a cumbersome, inflexible, and unresponsive apparatus.

In Chapter 2, I referred to the societal pluralism and environmental variations that complicate the problems of governance. Rigorously centralized, preprogrammed, and uniform rules cannot accommodate these variations and contingencies in circumstances and needs. The actions of government, the regulations it applies, and the services it seeks to deliver become unresponsive, even irrelevant to local needs and circumstances, wasting the resources of government while failing to come to terms with local conditions. Speedier communications, even when this becomes technically possible, cannot resolve this problem, because communications cannot remedy the limited capacity of headquarters to process expeditiously numerous low-priority matters that converge on it from the field. Correcting these dysfunctions requires structural adjustments, the most important of which is the deconcentration of authority to act within the state's bureaucratic structures.

Deconcentration represents a major administrative reform that most Third World governments have been slow and reluctant to implement. Although it keeps control within the state bureaucracies, it necessitates changes in organizational culture on the part of both superiors and subordinates, resulting in a perceived loss of control among the former and a reduction of the dependency that many of the latter find reassuring and comfortable. Specifically, it threatens a shift of power in favor of bureaucratic subordinates or local elites. It may confront officials in capital cities, enjoying as they do the amenities of metropolitan living plus proximity to political power, with the distasteful prospect of being reposted to provincial locations. It may disrupt comfortable practices that allow interest groups to limit their efforts to senior officials in the capital city.

There are, however, countervailing tendencies. As their confidence and sophistication increase, central government elites may come to recognize that deconcentration need not entail loss of effective control, but rather a substitution of methods that relieve headquarters of routine details and enhance their ability to concentrate on more consequential problems—policy development, financial allocations, performance evaluation, and program adjustments—while using their administrative resources more effectively. Deconcentration also helps adapt development organizations to the need to reconcile the authority of line managers with the parallel authority of staff officers exercising control over financial, legal, and technical matters. Operating managers face the confusing but unavoidable necessity of living with the complexity of several superiors to whom they are simultaneously responsible. This results in "matrix" arrangements, which require operating managers to adjust to the not entirely consistent but nonetheless legitimate requirements of line and staff superiors, abridging in effect the simplistic maxim of unity of command. By shortening lines of communication, deconcentration simplifies these matrix processes of management, loosening formal patterns of hierarchical authority in order to accommodate functional specialization within a single bureaucratic structure (Davis and Lawrence 1977).

Administrative deconcentration cannot be an all or nothing process. Policy choices and budget allocations must remain in headquarters, while operations are passed down within the organization. The more a matter requires uniformity across the country—for example, tax rates, pension entitlements, fertilizer subsidies—the more centralized the locus of decisions and the more rigorous the rules and the procedures. The more politically sensitive the issue, the more headquarters will insist on control and on preprogramming action; the larger the financial commitment, the greater the number of people affected, and the more complex the technology, the more likely that decisions will be reserved for headquarters. But this leaves large areas of government operations that can and should be delegated to subordinate echelons in the hierarchy, closer to the locus of contact with the public.

Administrative deconcentration cannot merely be decreed. Its implications must take account of shifts in power, especially by officials at the center, who may consider themselves to be prospective losers in such structural changes. Central office personnel will resist transfer to the field. Subordinate managers, especially those in the field, must be trained to levels that condition them to accept greater responsibility for decisions. They must be aware not only of policies and rules, but also of their underlying logic and of ongoing revisions and changes so that the discretion they exercise can take account of these strictures and be contained within allowable parameters. Management information systems must be in place to ensure timely and accurate communication of changes in policies and rules, allow field experience to be incorporated into decision processes, and enable headquarters to be aware of what is happening on the ground. Routine reporting systems need to be supplemented by inspections, program evaluations, and other methods of performance review. Incentive arrangements should reward managers who accept responsibility for taking decisions at their level, even though they may make occasional mistakes. The processes of deconcentration may be implemented in stages over several years, more and more discretion being yielded to field staff as they gain experience and headquarters gains confidence in their ability to assume greater responsibility.

As with all social arrangements, administrative deconcentration is never trouble free; tensions between central control and field discretion are never finally resolved. Field personnel may use their discretion unwisely, corruptly, or in discriminatory ways, yielding to local elites, alienating sections of the public, embarrassing their superiors and even the government. When such incidents occur, as inevitably they do, the tendency is to tighten the rules, circumscribe field discretion, and draw future decisions back to headquarters—in effect, to reconcentrate in order to prevent the recurrence of mistakes and abuses. This response succeeds only in restoring the previous unsatisfactory status quo. While attempting to minimize the possibility of such breakdowns, top management must build the competence and confidence of field personnel and improve communications within the organization. It must be willing to risk and cope with occasional management failures as the price of more timely, effective, and responsive service delivery.

Institutional Devolution

A decentralizing reform with more fundamental institutional implications than administrative deconcentration is the devolution of functions to self-governing local authorities or to organized constituencies (Montgomery 1972; Leonard and Marshall 1982; Smith 1985). Central government yields control of certain services to local units selected by and responsible to local publics. It is thereby relieved of some of the financial burden of providing certain services—a significant benefit when central government finances are under severe and chronic stress. Local communities are free to provide services in such volume and in such ways as they are willing to pay for in response to local demand. Financing of such services may involve some funding from the center, sharing costs, or matching local revenues, taking account of local fund-raising capabilities and efforts. Central funding may be contingent on local compliance with centrally determined service standards enforced usually by inspections.

Except for large municipalities, local governments in most developing countries are notably anemic, their financial capabilities severely circumscribed, their personnel ill-qualified, and the range and quality of their services feeble. Central government politicians and senior civil servants are reluctant to strengthen local government or to yield control of public services, even when they are themselves incapable of providing them.

Central politicians fear that autonomous local authorities may become breeding grounds for opposition politicians or strongholds of politicized ethnic minorities. Senior civil servants fear both the diminution of their own power and the erosion of quality standards in the services over which they would lose direct control—often a self-serving claim. Their disinclination to take initiative on this subject is reinforced by the failure of many local authorities to demand greater responsibility and freedom of action, which is often the consequence of traditions of dependency, insufficient self-confidence, unmobilized publics, and especially fear of additional financial burdens. Thus the growing impulse for devolution in most Third World countries originates less in local demand than in the financial predicament of central governments.

Like administrative deconcentration, institutional devolution carries with it several corollaries and prerequisites. The first is to yield enough financial space to local authorities to enable them to raise sufficient revenues by taxation and user charges to pay for additional or expanded services—maintaining local roads, operating clinics, managing markets. Local authorities will do this only if mandated by central government or if the benefits of additional services are perceived by their constituents as justifying the incremental financial burdens. The second prerequisite is to ensure the basic technical and managerial competence of local personnel. The third is to help local lay leaders to understand and perform their supervisory functions.

This loosening of conventional public bureaucracies cannot be achieved by the sudden abandonment of responsibility by the center. The center must be prepared to facilitate the transfer by providing for the training of local staff, allowing reasonable sources of taxation, and implementing workable divisions of labor between central bureaucracies and local authorities. These will differ sector by sector and service by service. Loan funds that help local authorities to finance needed facilities and equipment may promote the process of devolution. For a period of time, the state may have to supervise and audit local finances and help build the institutions of local self-government. The tutelage may then be gradually withdrawn; autonomous local units will have to be allowed to make their own mistakes, live with the consequences, and learn to solve their problems without provoking the reassertion of centralized controls. Central authorities will have to learn to suffer what they regard as unwise or deviant decisions and even to tolerate local political bases for opposition figures if they are to realize the benefits of local resource mobilization and more activated local communities.

Some central government elites may consider this loss of direct control too risky, on both political and programmatic grounds, and persist in circumscribing local autonomy with tight controls. For this reason, bureaucratic deconcentration, which permits state elites to maintain effective control, is more likely than institutional devolution to be the initial route to structural reform in most LDCs.

The Organization of Work

In conventional bureaucracies, work is organized according to the principle of division of labor, combined with increasing differentiation and specification of tasks and responsibilities as one moves downward from headquarters into the operational hierarchies. At the extremities of the hierarchies, individuals occupy jobs whose functions are strictly defined and narrowly circumscribed within the framework of the specialized unit to which they are accountable. The performance of specialized tasks is prescribed by detailed rules and procedures with which staff members are expected to comply. This has proved to be an effective pattern for organizing work in stable environments, capitalizing on specialization and clarity of functions, where the main objective is to turn out standardized products by fixed routines. The negative consequence is rigidity; sluggishness in accommodating local needs, changing conditions, or consumer preferences; and difficulty in communicating and coordinating efforts across the boundaries of specialized hierarchies even in the same organization. The effects of these barriers can be exaggerated, as organization members typically innovate informal methods of bending or circumventing formal rules to overcome structural and procedural rigidities in the common-sense interest of getting the job done. But this is accomplished in spite of, not because of, the formal arrangements that indeed inhibit the flexibility and adaptability required for many services associated with development.

Much attention has been devoted by academic observers and real-world experiments to methods of adapting complex organizations to the requirements of more dynamic and more uncertain task environments (Katz and Kahn 1978; Bennis 1969). Such methods have become one of the reigning fads in the field of management. Among the structural methods that have emerged are multidisciplinary management teams of specialists assembled for particular problem-solving tasks; once the problem has been solved, the team is dissolved, members return to their parent units, and the new ongoing operations are converted to routines by more or less standard patterns of rule-based specialization. Another pattern is to structure work according to the main products or expected outputs of the organization: specialization by process yielding to more integrated product- or output-oriented patterns of management. Top-down standardized rules, procedures, and job descriptions are relaxed or suspended, while employees are encouraged to combine their collective knowledge, work experience, enterprise, and initiative to structure their own work environment and set and enforce standards of performance oriented to results and cost-effective outputs that are satisfactory to the consuming public. Central headquarters establishes the parameters within which such collective initiative and discretion can be practiced, and it provides necessary resources, including technical and managerial assistance, but the ultimate test of organization and process is the ability of the work group to achieve acceptable outputs or results.

The objective of such reforms in the organization of work is to relax the rigidities of classic bureaucratic structures, not to supplant them. Results of such experiments in Third World situations—and indeed, in Western governments—are not conclusive, though the basic idea is highly touted by an important school of management reformers (Peters and Waterman 1984). Releasing the initiative and experience of rank-and-file staff members, orienting performance to results rather than conformity with rules and procedures, and facilitating communication and coordination across organizational lines are important objectives for coping with task environments that are changeable and characterized by considerable uncertainty. In the framework of responsible government, such reforms must, however, be compatible with the maintenance of essential managerial accountability and control not only of results, but of essential procedures as well. Organizational structures and standard procedures may become ends in themselves, displacing output goals, but they are not invariably or necessarily irrational or dispensable. Some government-mandated procedures and routines guarantee members of the public equal access to services; others ensure equity in personnel practices; others require that government purchasing be subject to competitive bidding and that decisions including financial expenditures be properly recorded. These requirements may, however, constrain or retard the accomplishment of organizational outputs or results.

Thus there are inevitable trade-offs. Although some management controls are clearly necessary in government, the direction of change should favor reforms that relax the rigidity of bureaucratic structure and operations and provide greater opportunity for the exercise of staff initiatives. The reorganization of work away from hierarchical specialization and detailed specification of tasks and procedures is one such method. It is associated with parallel reforms, including structural decentralization and participatory management, which are discussed and evaluated in other sections of this chapter.

Paraprofessionals

The conventional practice of most governments has been to provide services entirely through full-time, permanent, and pensionable employees. The effect of this practice has been to overextend government budgets or, alternatively, to limit the outreach of government, especially in rural areas and urban slums. Governments have found that they simply cannot afford the personnel needed to extend agricultural, health, family planning, and urban community services to large, dispersed publics.

The innovation that has emerged is the paraprofessional expedient; local men and women who lack the formal educational qualifications of normal government employees, but are prepared to work, often part time, at wages far below civil service levels (Esman et al. 1980; Esman 1983). They are often selected and partly compensated by local communities and associations and trained by government agencies to perform specific routine tasks that they can handle adequately at a fraction of what government employees would cost. By this device, governments have been able to extend their services at affordable costs, while communities that benefit take some responsibility for providing facilities and nominating and compensating the paraprofessional staff. This method has been outstandingly effective in staffing primary health services and has also been successful in community development, agricultural extension, social forestry, irrigation management, and the provision of services in urban squatter settlements. It seems to be most effective when local associations accept an active role in the selection process and in monitoring performance.

The paraprofessional method is not cost free or trouble free. Government agencies have found that they cannot train paraprofessionals on a one-time basis and then turn them loose to perform. They require continuous backup support from permanent staff to renew and expand training; provide referral service for nonroutine problems; maintain reliable flows of information and supplies, such as medicines; and sustain morale. When backup support is not available, the system falls apart. When the system is maintained, it is a reliable low-cost method of extending public services and even certain kinds of regulations beyond what would be possible by conventional means. Its potential has only begun to be exploited.

REFORM OF PROCEDURES AND METHODS

Loosening the rigidity, improving the performance, and enhancing the responsiveness of bureaucratic organizations can be facilitated by process innovations and changes in methods of operation. Many of these must be specific to individual programs, for example, simplifying paperwork incident to agricultural credit or speeding the public's access to health services. Many of these reforms depend on rationalizing financial management—budgeting, expenditure control, accounting, and purchasing. Since these essentially technical measures have been elaborately documented and assessed in mainline publications in public management, I do not expand on them here (United Nations 1975, 1978; Caiden and Wildavsky 1974). Instead I focus on a set of less familiar procedural reforms that are likely to be productive in the framework of development management.

Information Management

One of the classical problems of management is how to maintain the integrity of information in bureaucratic structures. Information is an indispensable resource for managers in complex organizations, for both operations and accountability, since all coordinated action depends critically on reliable and accurate communication. For development managers especially, two kinds of communication are essential: (1) information about the external environment, including natural conditions; the needs, preferences, and convenience of the publics they are serving; and the activities and intentions of other organizations and of political actors that impinge on their areas of responsibility; and (2) information internal to the organization, especially the general orientation and specific instructions from higher authority, reports of substantive problems and performance from subordinates, and data about conditions within the organization, especially the capabilities, morale, and performance of personnel.

There are four problems with information flows that managers must address but can never entirely solve:

1. Information comes at a cost in time and money; it is never a free good. At the same time, managers cannot cope with, cannot absorb, unlimited flows of data. In order to control costs, ensure the availability of needed data, and exclude extraneous information, management provides routines for information flows, including the preselection of categories of information that enter the standard communications channels. Other classes of information are thereby excluded from routine channels, though they might prove at some time to be important for decision and action.

2. Flows of information in complex, especially bureaucratic, organizations are vulnerable to distortion, willfully or by accident. Policy statements and instructions from senior management, as they trickle down the hierarchy and are successively detailed and refined to apply to specific conditions, can be interpreted to yield guidelines that diverge markedly from original intent. Information flowing from working levels can be screened, aggregated, and presented in ways intended to protect subordinate managers from criticism or provide what it is believed senior management wants to hear (Laudon 1974).

3. Even the availability of accurate and timely information does not ensure that it will be used. Some managers tend to rely on wisdom, intuition, previous experience, restricted but trusted sources, or entirely on routine data. To economize on time and effort, they succeed in excluding or overlooking other kinds of potentially useful information. They may lack the skills, curiosity, or incentives to reach out to alternative sources or even to make good use of information that is within their grasp.

4. In the competition for resources and influence within a single organization or between organizations, information is seldom politically neutral. Availability or denial of information can be a weapon used to promote or defend particular organizational interests. What information is requested and what information is supplied, even when the latter is technically accurate, must frequently be evaluated in political terms: who benefits, who is hurt, and how the information is being employed for political advantage (Dutton and Kraemer 1985).

The loosening of bureaucratic organizations for developmental purposes, particularly decentralized operations, has important implications for the management of information. These include several themes, for example, that routine information flows need to be redesigned to emphasize performance goals and the relative effectiveness of alternative means rather than meticulous compliance with standard procedures. Information about the external environment must be accorded higher priority. Management cannot depend entirely on routine information flows; its antennas must be tuned to multiple sources and channels, both internal and external.

Routine flows of reasonably reliable and timely data can be speeded at moderate cost by such technologies as microcomputers, which also facilitate the storage and retrieval of large volumes of potentially useful materials. Microcomputers are a tangible manifestation of the revolution in informatics that has favorable implications for management and program operations. Although their technical dimensions are beyond the scope of this book, microcomputers' ability to store and retrieve large volumes of data, to communicate information speedily and accurately, can greatly increase the productivity of staff, speed their response time, and adjust responses to specific local needs (United Nations 1988). Their effects on airline reservations and banking transactions are familiar to laypeople in all Western countries. For some kinds of decisions, they facilitate managerial centralization—for example, the regional allocation of scarce medicines; for many others, they foster decentralized operations because of the useful and timely information they make available to decision makers on the ground. The costs of microcomputers are modest and declining; the hardware has become quite robust; reasonably literate staff can be trained to use them.

The association of personnel with such high-technology equipment has positive effects on morale and self-esteem. Provisions for the prompt and competent servicing of such equipment are feasible.

The main difficulty is the generation of software that is relevant to the distinctive natural and institutional environments of individual countries, since these markets are often small and the costs of developing and testing suitable software are consequently high. The software bottleneck is especially difficult for applications that are intended to be used for policy planning, program design, and project management, rather than for routine operations.

Microcomputers can, however, facilitate management in nearly all government operations: from financial accounting to crop reporting, from the control of inventory for medical and health installations to the scheduling of road maintenance. Individual positions and entire operations can be redesigned for enhanced efficiency and responsiveness, though promised cost savings are often slow to materialize. There is, however, one critical condition that must be met before the communications revolution can pay off for developing countries: Information that becomes available must actually be used at all levels of decision making and of action as well; otherwise, microcomputers become expensive toys. Speedy and accurate information facilitates, but cannot ensure, responsive action. Hospital X may communicate an urgent need for penicillin and surgical gloves, but unless the warehouse staff acts promptly and responsively on that information, and unless the supply system has provided the warehouse with these items, information alone will not secure them. Experienced managers recognize that it is easier to move information than to achieve disciplined and responsive action in large organizations; information is a tool, never a substitute, for management.

Routine flows, both quantitative and qualitative, remain the principal informational resource for both operations and accountability. These requirements must, however, be monitored periodically to ensure that headquarters does not overwhelm field offices with requests for series of data that are seldom used—a chronic and valid complaint of working-level staff. Reporting requirements must concentrate on data directly instrumental to programmatic operations and goals, and the means of achieving them. The integrity of routine flows is a constant preoccupation of senior management, which must expend resources to check and verify their reliability.

Although routine flows are essential to orderly management, they are never sufficient, especially in the dynamic context of developmental changes. Since the critical tests for development-oriented programs are their beneficial impacts on the public, baseline information about their underlying circumstances as well as updated reports on the effects of program interventions assume high priority in information flows. To monitor program impacts, managers must supplement routine channels by personal visits, periodic formal and informal inspections, staff conferences, employee suggestions, and complaints and demands from the public, politicians, and interest groups, while maintaining a healthy appreciation for the tendency of suppliers to bias the selection and interpretation of information in their favor. When managers take advantage of multiple channels and demonstrate an openness to nonroutine and nonconventional sources, useful information will flow; otherwise reporting can degenerate into mindless procedures.

Improvements in the communication and uses of management information depend on the skills and the incentives that motivate management personnel. Enhancement of these skills can be achieved as a component of management training, including, but not limited to, the uses of computerized data. These skills cover the responsive uses of routine and repetitive information on current operations as well as the measured investment of effort and time in the identification and acquisition of baseline and other societal data. Incentives to employ data more productively can be linked to improved methods and criteria for bureaucratic accountability. Traditional systems of accountability for the use of inputs, mainly financial, impose very narrow informational requirements. When these are supplemented by performance criteria—how well development outcomes are realized by various programmatic outputs—incentives for managers to search out and use information as a resource for achieving these performance goals are greatly increased. This is especially true when goals are publicized and working-level staff as well as members of the public contribute to the needed exchanges of information.

When development activities are carried out under conditions of such uncertainty that measurable goals cannot readily be specified—for example, in family planning or social forestry—development programs become action hypotheses that must be carefully monitored and evaluated to determine what methods are likely to be effective under specific circumstances (Rondinelli 1983). Information management in such situations tracks and assesses both processes and impacts. Organizational learning and incremental knowledge building require continuous information exchanges between the staff of development agencies and the affected publics.

Social Marketing

One of the most significant process improvements, one that applies to a broad range of government activities that have a direct impact on the public, is incorporated in the concept of social marketing. The underlying notion of social marketing is that service providers should attempt to determine what the public, their prospective "customers," actually want and prefer, what methods of supplying the service they would find most welcome and convenient, and then attempt to satisfy their customers' demands. Instead of unilaterally setting the terms and conditions of public services, government bureaucracies should make a positive effort to adapt them to the expressed needs and preferences of the public. Instead of waiting for the public to claim services, government agencies ought to reach out, attempting actively to "sell" or extend their services. Government agencies would then expect to be evaluated by their success in inducing the public to use the services they provide, adjusting both content and methods to public demand. When government finances limit the scale of services that can be provided, a measure of effective social marketing may be the willingness of the public to cofinance or even to coproduce and coprovide such services by paying user fees or otherwise contributing to their costs (Kotler 1976).

In the conventional bureaucratic model of service delivery, a government agency designs services as authorized by law and the availability of funds and makes them available to the public. The government thus is a passive provider of services, which the public is free to claim or disregard. Social marketing places government in the more proactive role of inducing or persuading potential consumers to avail themselves of services that, in turn, must be made attractive to them. As with commercial marketers, the agency's incentive system must provide rewards, material and nonmaterial, to those who successfully reach and engage their potential customers. One way to do so—the favorite of classical economists and of their contemporary acolytes in the "public choice" school—is to facilitate competition among two or more providers of services.

Even when competition or consumer choice is not feasible, the extension or marketing approach to public services represents a departure from the conventional bureaucratic model. One modest example in agriculture is the one-stop facility in which several related services to farmers that are conventionally supplied at different locations and through separate procedures by specialized agencies, such as extension, credit, seeds, and fertilizer, are made available in integrated packages at a single location to cater to the convenience of farm "customers." Social marketing by government agencies cannot quite attain the goal of consumer sovereignty, but it begins to orient government services decisively in that direction. Its success depends on shifting the patterns of bureaucratic motivation.

MOTIVATIONAL REFORM

Rewards and Punishments

The incentives that apply in bureaucratic organizations often thwart development performance. Advancement is based on patronage or seniority.

Initiatives that fail may be punished, while meticulous adherence to rules and procedures, even at the cost of responsiveness to public needs, exposes the civil servant to little risk. There are few rewards and considerable risk in deviating from prescribed procedures; the integrity of formal rules and procedures displaces the goals of service. Yet it is clear that individual civil servants cannot be left entirely free, on their own unrestrained initiative, to set aside or dispense with organizational rules and routines, especially those that concern finances. Some controls continue to be needed. When, however, the main goal is performance rather than control, there are opportunities to loosen detailed controls and stimulate bureaucratic initiative and responsiveness by shifting the incentive structure that applies to both individuals and groups (Matheson 1978; Lawler 1983).

The effectiveness of incentives and rewards varies with national cultures. Some cultures value individualism, others group solidarity. Some assign a high value to security, others to goal achievement. The specific incentives that are intended to motivate personnel need to be congruent with the realities of their society. It must be recognized, however, that development implies cultural change and cultures are not immutable. Rewards for service-oriented performance can be directed to individuals or to groups. They can be both material—including pay raises, cash bonuses, promotions, and opportunities for self-improvement through training—and nonmaterial—including special symbolic recognition for excellent service. The criteria should be related to performance of the agency's service goals as evaluated both by the public, in terms of their responses to the services, and by bureaucratic superiors.

The danger of applying selective incentives and bonuses is that in the perverse egalitarian ethos of many large organizations, such rewards may soon lose their selectivity and be awarded equally to all, or be regarded as entitlements or routine elements in the compensation structure. One method of dealing with this problem is to emphasize rewards to groups rather than individuals, in ways that comport with cultural norms and avoid the morale-destroying effects of individual competition within a single organizational unit. Another method is the use of performance contracts or understandings that are set by mutual agreement, establish specific goals for organizational units, and provide a reward for achieving these goals, leaving the units considerable latitude for initiative in the methods used.

No such arrangements can ever be foolproof, as staff members may find ways to manipulate information, distort their efforts, and emphasize goals that are easily measured and achieved. The disbursement of funds, for example, is more easily achieved and more easily measured than the achievement of substantive results. The latter, however, should be the principal criterion for evaluating performance and allocating rewards.

Orienting goals and sanctions toward performance, results, or outputs can be a mighty step forward in achieving more than mere compliance with the letter of procedures and routines or the expenditure of bureaucratic effort. The focus on results is especially useful if the public can be involved in the evaluation process. Public involvement can be achieved and assessed indirectly by the public's use of services or their compliance with regulations or directly by periodic evaluation of performance, in which local organizations are induced to participate.

The employment of selective rewards to enhance performance is often thwarted by difficulties in measuring and evaluating organizational outputs. There will always be some tension in bureaucratic organizations between integrity of procedures that are readily measurable and responsiveness to public needs and convenience, which is harder to identify and evaluate. This tension, however, is not a valid reason for failing to emphasize service and output rather than adherence to procedures as the main test of satisfactory performance and the main incentive for career advancement and other rewards.

Working Conditions and Supplies

Poor working conditions are a major disincentive to performance, a problem that particularly affects field staffs in Third World countries. As one moves from the national capital to provincial centers and then to outlying areas, working conditions tend to deteriorate, facilities and equipment are less modern and often out of order, and the flow of supplies needed for program operations tends to be less reliable. Field personnel who deliver services to the public often work in cramped, dingy, poorly lighted and even unsanitary quarters, with antiquated office and filing equipment. Their vehicles and machinery are often out of commission for lack of maintenance and replacement parts; their gasoline allotments are insufficient to enable them to reach their public; the flow of supplies such as cement, spare parts, medicines, fertilizer, and textbooks is frequently delayed or unavailable for extended periods; and their requests for assistance are often ignored. They feel, often correctly, that they are at the end of the line in dead-end jobs. The resulting sense of isolation, neglect, helplessness, and cynicism that is so common among field personnel saps morale and undermines performance. Low job satisfaction produces low productivity and unresponsive performance; low productivity alienates the public; alienated publics reinforce low job satisfaction in a vicious circle of organizational decay (Smith 1967; Esman 1983).

Although these conditions have been exacerbated by the financial strains that have confronted many governments during the past decade, they were present even in better times. The underlying problem is the inability of the public to press their demands on officialdom. The symptoms are the preoccupation of headquarters staff with their own working arrangements, the low priority they attach to the working conditions of field personnel, and their failure to establish and maintain reliable lines of communication and supply with field offices. Even when shortages and delays are unavoidable, careful allocation and timely notification enable field units to plan and to improvise, to make the best use of limited means. This also helps reassure field personnel that they have not been abandoned and that their efforts continue to be appreciated.

The success of development programs hinges on the performance of field staffs, on those who are actually in contact with the public—a reality that is often overlooked. Therefore, the disincentives and depressing effects of poor working conditions and unreliable flows of supplies are a serious problem for development managers. There should be realistic possibilities of career advancement to stimulate and reward ambitious employees. Sustaining the morale of field personnel should be a continuous preoccupation of development managers at all levels. Positive measures to improve working conditions, even incrementally and in small ways, can help. Establishing systems for advance notification of the availability of supplies and prompt shipment when they become available can enable field staff to live with shortages and disappointed publics. If workable systems are in place, scarcities can be managed. This assumes, however, a continuing concern for the working arrangements of field staff and for the modest incentives that enable them to maintain their self-esteem and to perform even under difficult conditions.

Participatory Management

An underutilized motivator of bureaucratic performance is incorporated in the concept of participatory management. Without abridging the hierarchical authority structures that define bureaucracy, participatory management institutionalizes the regular and systematic consultation of staff members at all levels. It encourages and rewards the contribution of relevant and otherwise unobtainable information and experience toward solving the ground-level problems that all organizations encounter and beyond that toward improving the methods and timing of agency action. This process may be a major stimulus to motivation as it enhances the self-esteem of staff members and raises their status from mere instruments of the will of others to respected sources of information and shapers of action. It can enhance performance at low cost. The benefits of this change in organizational culture can, however, be realized only if the process proves to be consequential, to demonstrate to front-line managers and employees that their initiatives have discernible impacts on what the agency does, that it is more than a symbolic, token, or formalistic exercise.

In authoritarian societies where subordinates are expected to defer to status superiors, participatory management may appear to threaten the status and power of managers. They may resist it as a time waster, a generator of needless conflict, an ill-conceived concession to naive populism, or a mischievous challenge to their legitimate hierarchical authority. Subordinates, long accustomed to meticulous compliance with rules and procedures, may feel uncomfortable or that they are being asked to take unnecessary risks in volunteering proposals to change methods that have been legitimatized by long practice and sanctioned by their superiors. That participatory management has the potential for evoking information and ideas that can materially improve the performance of bureaucratic organizations in terms of more efficient resource use and greater responsiveness to the public is, however, amply demonstrated in a rapidly growing literature drawn from concrete experience (Lawler 1988).

That participatory management involves significant behavioral change among both managers and staff is equally clear. Like any social innovation or institutional change, it has to be deliberately introduced by senior management, fostered over extended periods of time, featured in training programs, and emphasized in reward structures. It is, however, among the more useful potential motivators available for Third World bureaucracies. More than any other method, it can enhance staff morale while promoting and sustaining organizational learning, the process by which an organization at all levels builds and adapts its knowledge base in relation to both its internal dynamics and the publics it serves.

Like most reforms, however, participatory management can be oversold. Aside from the enhancement of staff morale, its principal contributions to program effectiveness and to instrumental efficiency are likely to be felt at the level of operations and at the interface between front-line management and the public, where their experience can evoke alternatives to prevailing methods and rules. While sponsoring and encouraging such initiatives, senior management remains responsible for evaluating the effects of proposed improvements on the policies and practices of the organization that may not be obvious to working-level staff, recognizing also that the latter may be promoting their own agendas and interests that may not be entirely congruent with those of the organization. Fresh perspectives on the organization and its mission, policy innovations, and their implementation are more likely to be generated by senior management and "sold" to operating-level staff. In this case, participatory processes are useful in speeding the adoption of changes, reducing the accompanying frictions, identifying unanticipated obstacles, and especially adapting changes to working-level realities. Participatory processes can be beneficial both in motivating staff and in improving operations as an adjunct to, but not a substitute for, managerial initiatives and responsibilities.

Civil Service Compensation

As a problem in motivation, the compensation levels of civil servants cannot be avoided. During the immediate postcolonial period, civil service salaries generally provided a relatively secure and dignified standard of living at all levels of the hierarchy, with the promise of an adequate pension upon retirement. Especially for professionals and members of the administrative elite, whose positions had been held mainly by colonial expatriates, salaries and perquisites such as housing and transportation were very generous by local standards, providing incumbents with comfortable middle-class lifestyles. The years since independence have witnessed in most developing countries the progressive erosion of the real compensation of civil servants as inflation and chronic fiscal stringency have eaten away at real salaries. Multiplication of the numbers of government employees for reasons of patronage or as antidotes to the political risks of educated unemployment has put further pressure on salary scales. As a consequence, in many Third World countries civil service salaries at all levels are now insufficient to support families. Those who can, abandon their positions to join the private sector or to emigrate; those who remain must often supplement their salaries by engaging in corrupt practices, moonlighting in second and third jobs, or drawing on private or family resources. Salary differentials between senior posts and rank-and-file positions have been sharply compressed.

The consequence has been demoralization, loss of status and self-esteem, and inability or disinclination to concentrate on official responsibilities, not to mention efforts to be responsive to the public (Klitgaard 1989). Although the stress is more intense in some countries than in others, the problem is sufficiently pervasive to constitute a general threat to the ability of governments to manage developmental services. States, such as Malaysia, whose governments have demonstrated the ability and willingness to maintain the real value of civil service compensation, continue to be rewarded by relatively competent, faithful, and honest performance. In other states such as Nepal and Ghana, which have been unable to do so, public services have virtually collapsed, and those that remain are riddled with corruption and malfeasance. Material compensation alone may not be enough to motivate competent, devoted, and responsive performance, but the impoverishment of civil servants almost certainly destroys all incentives.

Rectifying this impasse produces multiple dilemmas. Restoring economic growth and implementing more effective tax regimes are essential but obviously not easy. Privatization and deregulation reduce the need, at least on the margin, for government services, but discharging redundant staff increases unemployment and suffering and, at least in the short run, political alienation. Restoring salary differentials that recognize and reward greater responsibilities may help to retain and remotivate professional and managerial personnel, but the latter cannot perform if subordinate staff continue to feel that their essential livelihoods have not been attended to.

Even in states where the salary crunch has not assumed crisis proportions, inadequate financial compensation drains the morale of civil servants and limits their commitment to the minimum that the job requires. Motivational measures such as participatory management, better training, more adequate facilities, better working conditions, and nonmaterial recognition and rewards are important supplements, but they cannot serve as substitutes for fair salaries and reasonable material compensation. Development mangement may be hostage in many countries to the primordial task of salary rectification to the minimum threshold that permits civil servants to meet the basic material needs of their families. Only at that point can other incentives that promote excellence and responsiveness be brought into play.

POLITICAL PRESSURES: RESPONSIVENESS AND ACCOUNTABILITY

In the conventional theory and standard practice of bureaucracy, accountability runs exclusively to hierarchical superiors. The preferences of the various publics are presumably expressed and reflected through conventional political processes, which eventually reach government elites and may result in revised laws, policies, or administrative rules. Alternatively, information flowing through bureaucratic channels may achieve similar results. In practice, those at all levels who can mobilize political clout may attempt to penetrate bureaucratic structures in order to influence behavior and outputs in directions beneficial to them. Political pressure at the level of program implementation is generally considered in bureaucratic circles to be illegitimate, "political interference" that most career officials resent and deplore as compromising legal and objective standards in decision making, impairing the integrity of hierarchical authority, and undermining the basic bureaucratic ethos of accountability upward.

In the authoritarian political systems that prevail in most LDCs, where the publics are politically demobilized and relatively powerless, the ethos and practice of upward accountability effectively strip them of significant influence over the behavior or the outputs of bureaucratic agencies. The result is also a loss in efficiency, since officials whose accountability is only upward are inclined to respect the uniformity of rules and standard procedures rather than adapting their efforts and outputs to the specific conditions and preferences, not to mention the convenience, of their publics. One of the objectives of development management must be to achieve greater responsiveness by bureaucratic actors to their diverse publics, to constrain the dominant theme of accountability upward with the necessity of responsiveness downward.

Such responsiveness is most likely to be realized when the publics have the capacity to articulate their interests, when they are organized formally or informally into associations that empower them to express their collective demands, to engage in some patterns of exchange with suppliers of services (Esman and Uphoff 1984). There is no dearth of grassroots associations in developing countries, but their activities are limited by concerns on the part of state elites that autonomous associations might challenge their political control or, like local authorities, provide political bases for oppositional or even subversive forces. Most such associations, however, tend to be apolitical and pose no real threat to state elites; many rulers have gained increased confidence in their ability to maintain their grip on power; and fiscal stringency compels governments to look for alternative or complementary sources of resource mobilization and to enhance the efficiency of the resources they commit to public services. The latter requires greater responsiveness to specific publics and this, in turn, necessitates a shift in bureaucratic accountability to include the relevant public as well as hierarchical superiors.

The themes of dual accountability and optimal responsiveness cannot be treated simplistically. Both concepts involve internal tensions. Responsiveness to publics involves a beneficial change in emphasis in the direction of instrumental efficiency and consumer satisfaction, and it sets the preconditions for the realization of coproduction, a concept that is elaborated in Chapter 6. Responsiveness, however, can seldom if ever be complete or categorical. Some demands from some elements in the public may be so unreasonable, so self-regarding, indeed so contrary to law and policy as to be totally unacceptable—to be heard but not heeded. Moreover, there are necessary boundaries, varying from program to program, that must constrain the ability of field-level staff to modify rules and procedures in the interest of responsiveness and satisfying consumer demand. For these reasons, the concept of optimal responsiveness is appropriate; this means greater responsiveness than is now practiced or permitted in most bureaucracies, but responsiveness that is limited by the legitimate requirements of systemwide equity and responsibility.

Similarly, accountability—the sense of whom subordinate officials must satisfy—can be neither entirely upward nor entirely downward. The goals of development administration require that government servants feel a much greater obligation than in the past to satisfy the public, and that evidence of the practice of this kind of accountability should become an important criterion in evaluating their performance. But this must be consistent with the continuing and simultaneous imperative of upward accountability, which is essential to the integrity of responsible government. Such tensions or competing pressures are common in human affairs and can never be eliminated or entirely resolved. The loosening of bureaucratic structures in most LDCs, however, requires significant movement in the direction of greater responsiveness and accountability by civil servants to the publics they are committed to serve. Combined with participatory management, responsiveness downward to public demand represents a far-reaching reform in public management.

CONTROL OF ABUSES

The main abuses associated with Third World bureaucracies are corruption, negligence, and arbitrary behavior, all of which victimize the public and compromise the effectiveness of development management. Corruption usually involves the selling of public services or preferential access to public services that should be awarded according to objective criteria, free of what economists euphemistically designate as "rents" or unearned income (Scott 1972; Nicholson and Connerley 1989). In many countries and in many departments, official corruption has become institutionalized, a predictable element in transactions between the public and government personnel. Often justified in terms of low civil service salaries, it has the effect of diverting resources for the benefit of civil servants and their political patrons while taxing the public and undermining respect for government.

Negligence, on the other hand, is a consequence of nonfeasance by officials, depriving the public of services to which they are legally entitled; in effect, the withering of bureaucratic discipline as civil servants attend to their own interests and convenience rather than those of the public. Negligence or nonfeasance may also be explained by shortages of supplies or failure of government to provide transport.

The related abuse of arbitrariness can be defined as the treatment of the public by procedures that are unpredictable, vary over time, or discriminate among individuals and groups.

These abusive forms of behavior are partly the consequence of failures to exercise managerial control; they also reflect the penetration into bureaucratic ranks of norms from the surrounding society, such as obligations to kinsfolk that make more effective claims on the behavior of civil servants than the formal rules of office. These can explain but never justify the abuses. Minimizing their incidence is a compelling requirement of development management. One such method is to reduce the secrecy and increase the transparency of government transactions, especially in the financial realm. Capitalizing on this transparency—on the increased availability of information and the openness of transactions—requires an activated public, a function that can be performed by the networks of local associations that I have already mentioned. Empowered by self-organization, public opinion can help to hold civil servants to acceptable standards of behavior. The same can be said for government audits, an expression of top-down control. However, the fear of audits can be effective only if they are relatively speedy and public and if officials understand that audit information will be followed up by action that might jeopardize their careers. Control of the bureaucratic abuses that are endemic in Third World countries requires combined pressures and sanctions from above and from below. These can be strengthened by journalism, which is free enough and courageous enough to expose and attack instances of bureaucratic abuse.

The internalization of professional norms can be a major inhibitor to abusive behavior, a theme that is examined at some length in Chapter 7. None of these methods alone is likely to be effective. The control of these pervasive abuses is a serious and continuing challenge to development management because they entail the demoralization of public services, the failure of discipline, the waste of resources, and the consequent alienation of the public. Cynical acquiescence in such abuses because they "lubricate" and speed official transactions, or because they represent human nature, or because they inhere in the cultures of less developed societies only confirms the perverse suspicion that Third World governments—"soft states"—are inherently corrupt and cannot contribute to economic and social development (Myrdal 1968). Principled management can limit these abuses, but only if it is prepared to confront them directly.

Some students of development administration have been so alarmed by the pervasiveness of bureaucratic abuses, ranging from corruption and arbitrariness to the self-regarding employment of political power, that they advise against any enhancement of bureaucratic capabilities lest these increased capacities only exacerbate the abusive behavior and degenerate into uncontrolled bureaucratic politics (Riggs 1963). Accordingly, they urge that priority be assigned to strengthening the legal and political institutions that control bureaucracies before investing resources in strengthening them. The mainline position in this controversy, one that I have consistently supported, has argued that economic and social development depends critically on building the capacities of governments to produce and provide essential services. Although this emphasizes—but is not limited to—the need to strengthen the organizational capacities of the state and its agencies, it does not ipso facto diminish the importance of simultaneously controlling the political and operational abuses to which public bureaucracies are vulnerable. Thus the legal-political institutions and the bureaucratic institutions of government both need strengthening; the capacities of the state in the face of imperative needs cannot be allowed to languish because of fears that they may be abused pending the viability of mechanisms of control. But warnings about the dangers of abuse ought to be taken seriously; measures of control ought to be promoted lest public bureaucracies victimize the societies they are designed to serve.

MANAGING CONTINGENCIES

Many social scientists are hostile to bureaucracy, especially to state bureaucracy, for a variety of reasons: because it distorts market processes; because it wields arbitrary power; because hierarchical authority relationships compromise human dignity, block information flows, and demotivate creative job performance; because self-regarding bureaucratic power distorts policy goals and exploits the public. Not satisfied merely to condemn bureaucracy, a number of observers have written epitaphs on bureaucracy as a form of human organization, for government as well as industry. But despite such predictions, many of which are expressions of wish fulfillment, bureaucracy has demonstrated remarkable robustness and resilience, nowhere more evident than in the governments of developing countries. The reasons are that (1) bureaucracy provides a form of organization that permits reasonably disciplined control by state elites of complex and large-scale activities over time and extended space and (2) no feasible substitute has been found. It is therefore likely to persist and to remain the organizational environment in which development managers must function.

Like all human institutions, bureaucracy entails many problems, some of which thwart and become impediments to social and economic development. By experience and by the intellectual contributions of many social scientists, means have been innovated to compensate for the dysfunctions and vulnerabilities of bureaucratic organization so that, in the hands of competent and committed development managers, such structures can continue to be instrumental to social and economic development.

The principal methods for adapting bureaucratic organization to developmental tasks have been outlined in this chapter. They include the enhancement of performance orientation, with an emphasis on responsiveness to public demand, implemented by individual and group incentives and rewards calibrated to the realization of programmatic goals. By structural changes such as administrative deconcentration, by process innovations such as social marketing and improved information flows, and by the powerful motivational patterns inherent in participatory management, organizational norms and priorities can shift from mindless compliance with procedures and control of inputs to the achievement of programmatic goals, which, in turn, takes explicitly into account the needs and preferences of the concerned publics. When possible, the publics should be induced to coproduce services and contribute information, material support, and managerial energies to activities from which they benefit. This shift in emphasis stimulates organizational learning—the consequence of freer flows of information within the organization and between the organization and its publics; organizational learning contributes, in turn, to reduction of the uncertainties that are inherent in all development programs.

"Contingency theory," which has recently emerged, argues that the structure of organizations and the procedures they employ must be adapted to the natural and social environments in which services are provided and must take account of the technologies employed. The operation of an airline requires highly centralized management and adherence to standardized procedures that are rigorously enforced; an urban sites and services project should, on the other hand, be flexible and adaptable to local conditions. This very sensible approach to organizational choice places organizations on a continuum between two poles: the "mechanical," which conforms in its essentials to the hierarchical, rule-bound service-delivery model, and the "organic," which emphasizes flexible patterns, participation, horizontal communication, and openness to public demands and preferences (Hage and Finsterbusch 1987). In this scheme, the environment of government requires that its service-providing agencies be closer to the mechanical pole and remain bureaucratic in their structure, but they should nevertheless be able to temper bureaucratic rigidities, as technologies and environmental conditions permit, by decentralization, participatory processes, horizontal exchanges, and openness to the influence of publics and their associations. Nongovernment organizations are more likely to be located on the organic side of the continuum because they are less constrained than government organizations by the imperatives of control and accountability. These findings, emphasizing as they do environmental and technological contingencies, confirm the likelihood that government services must continue to be provided through bureaucratic channels and processes, which, however, can be relaxed to accommodate heterogeneous environments and technological constraints by such methods as have been outlined in this chapter.

Development managers need not take sides in the classical debate among organization theorists between the rationalists and the incrementalists. The former, in the tradition of scientific management, hold that administrative operations should be designed, planned, and controlled from above in order to maximize efficient goal achievement at minimal cost (Gulick and Urwick 1954). The latter argue that imperfect information and unanticipated changes are certain to defy the planners, that management can best be conceived as a process of coping through incremental and sequential adjustments, and that intuition and educated judgment tend to be more reliable tools of management than rigorous design and tight controls (Mintzberg 1973). Any form of purposeful collective action must, however, involve some rational effort to specify objectives, relate limited means to these objectives, schedule the deployment of means over time and space, and evaluate results. The attempt to impose such elemental rationality on program operations is basic to the managerial function. But because uncertainties, turbulence, and contingencies are inherent in the environment of development managers, they must frequently look beyond plans and schedules, rules and precedents, to pragmatic expedients and educated judgment. Since circumstances determine which approach or combination of approaches is appropriate, development managers must be equipped to employ rational methods where possible, judgmental expedients where necessary, and organizational learning at all times.

Structural and procedural reforms can make a significant difference in adapting bureaucratic organizations to developmental tasks, but their implementation is not guaranteed. Although bureaucracy remains the basic organizational framework for development management, the individual agency of government has ceased to be an adequate context for the exertions of most development managers. The reasons for this are the growing complexity of government and the proliferation of functionally specialized activities. Since each of the latter is contained within a separate bureaucratic structure, it becomes impossible for development managers to discharge their programmatic responsibilities without taking into account and coming to terms with parallel governmental entities (Aldrich 1979). To do their jobs adequately, development managers must master their own organizations, but they can no longer so limit their scope. External relationships assume imperative claims on their time, energies, and political skills. We turn to the growing challenges of interbureaucratic interactions in the next chapter.