

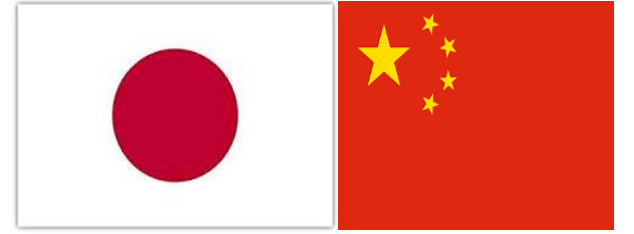
Fulbright

# Public Management 2021

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Session 2: Changing Context and Shape of the  
Public Sector

# When your face crises – Testbeds



- What governments do and how they do it? – Crises often testbeds for your government (test your government).
  - (e.g.) Japan – nicknamed ‘manual-society’ but collapsed after Fukushima disaster.
  - (e.g.) China before ‘corona-virus’ crisis – Strong political leadership, strong anti-corruption, economic growth, merit-based governance, etc. → Under crisis now. Why?
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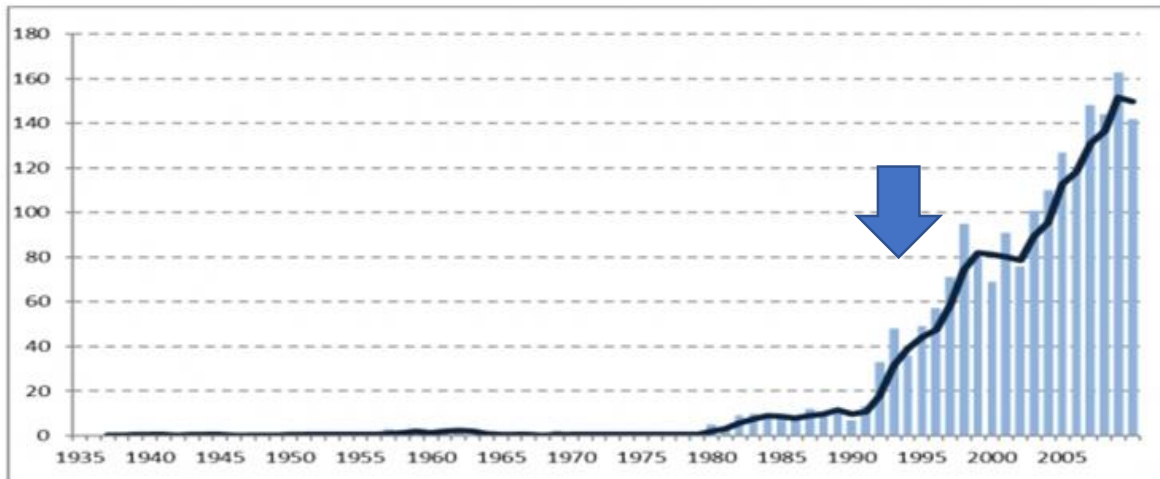
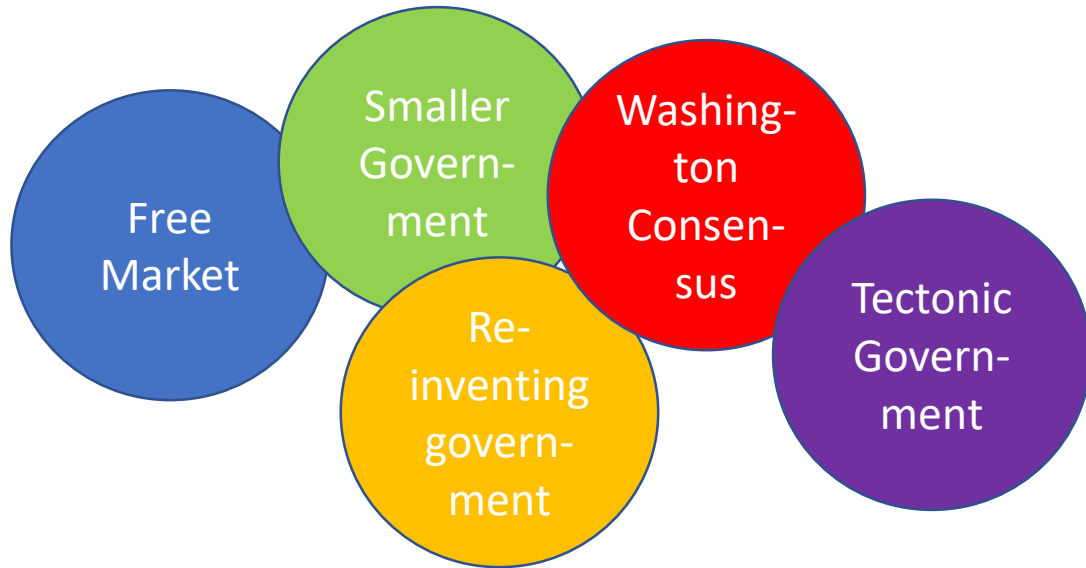
# Beyond China's Governance Failure



*“Government is not the solution to our problem, government is the problem.” – Ronald Reagan, 1981*

- Chinese governance failure under Wuhan crisis raise many issues about perspectives on government.
- The role, size, and intervention are decided by shared perspectives on government → affect private sector and non-profit sector.
- In this session, we will review:
  - ✓ Global trend: public management environment
  - ✓ Changing view and trend about government (old vs. new)
  - ✓ Logic of government intervention (& size)

# Global Trend: 'Market,' the Buzzwords

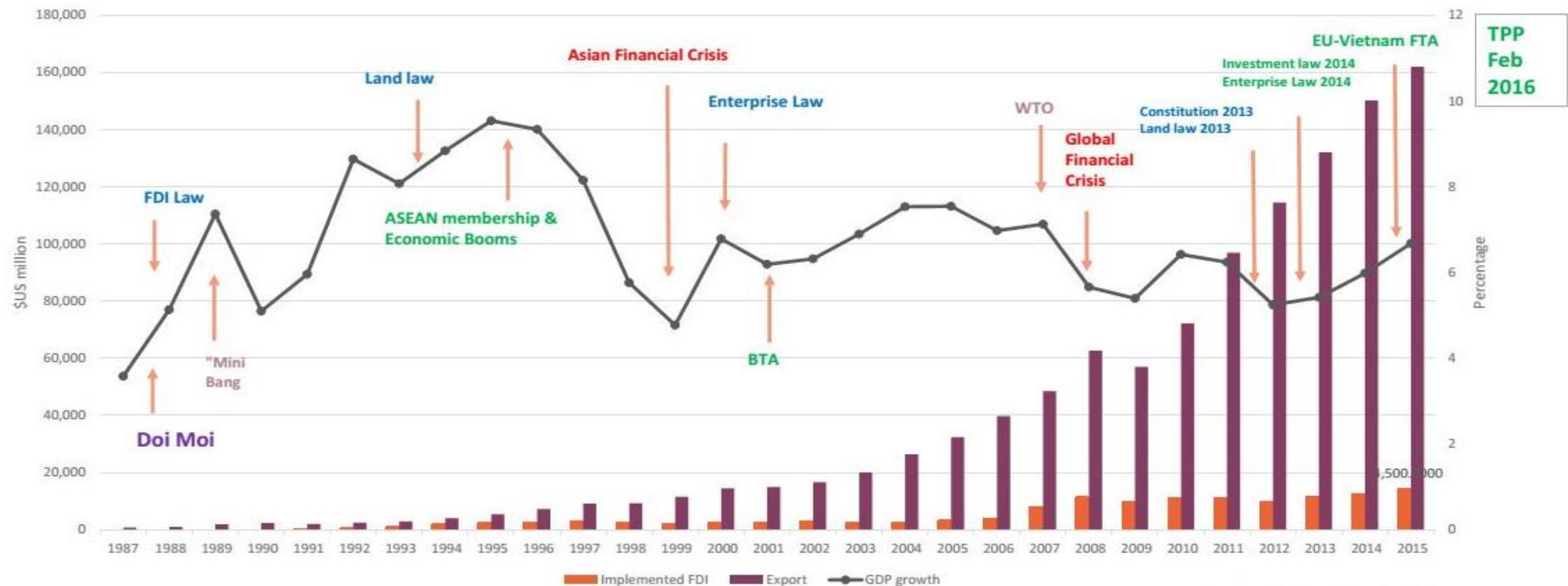


The blue curve indicates the moving average (period of 3 years).

- Up to 1960s (except Great Depression) – Economic growth worldwide, expansion of government programs (e.g. Great Society).
- **First wave** (late 1960s, early 1970s) – Concerned with rational policymaking and evaluation, Rise of 'policy science.'
- **Second wave** (1970s, 1980s) – Global economic disturbances – Concerned with 'government overloaded, expensive welfare state, business-like government.'


# Vietnam has not been an exception

- From Soviet's socialist planning economy to market economy since Doi Moi (1986) – one of the successful socialist 'market' economy.



# Reaction or Adaptation: Old vs. New

- Logic of government intervention has changed: dominant trend toward a market-based public sector (broadly speaking)



<b>The Laissez-faire Society</b>	<b>Late 18<sup>th</sup> Century</b> <b>Greatly reduced role of government - Basic services</b> <b>Provide a system of law</b> <b>Minimal role in commerce</b>
The rise of Welfare state	19 <sup>th</sup> Century (e.g. U.K.) Unfortunate side effects (social problems) Adoption of welfare programs Steady increase of government size
Neo-classicism	Return to the idea of Adam Smith Maximum role for market forces A minimum role for government Welfare program is too expensive

## Current Debate

Relationships between the government and market  
(appropriate role, size, intervention of government)

# Public Managers are Changing under New Environment

- There are several external conditions that public managers must consider today (Van der Wal, 2017)

<b>Volatile</b>	Events of unexpected occurrence and duration that disrupts systems and norms (scandals, crises, shocks, etc.)
<b>Uncertainty</b>	Events with unclear short-term and medium-term consequences (sudden leadership transition)
<b>Complexity</b>	Events and issues whose features and interrelations are hard to understand (variety of stakeholders, diverse workforce, etc.)
<b>Ambiguity</b>	Events and issues marked by contested, hidden, and inconsistent information (technical innovation)



# Unknown Unknowns

- Former US Defense Secretary Rumsfeld said, “Reports that say that something hasn’t happened are always interesting to me because as we know, there are ‘known knowns’; there are things we know we know. We also know there are ‘known unknowns’; there are also ‘unknown unknowns’ – the ones we don’t know we don’t know.” (Van der Wal, 2017, p.2)





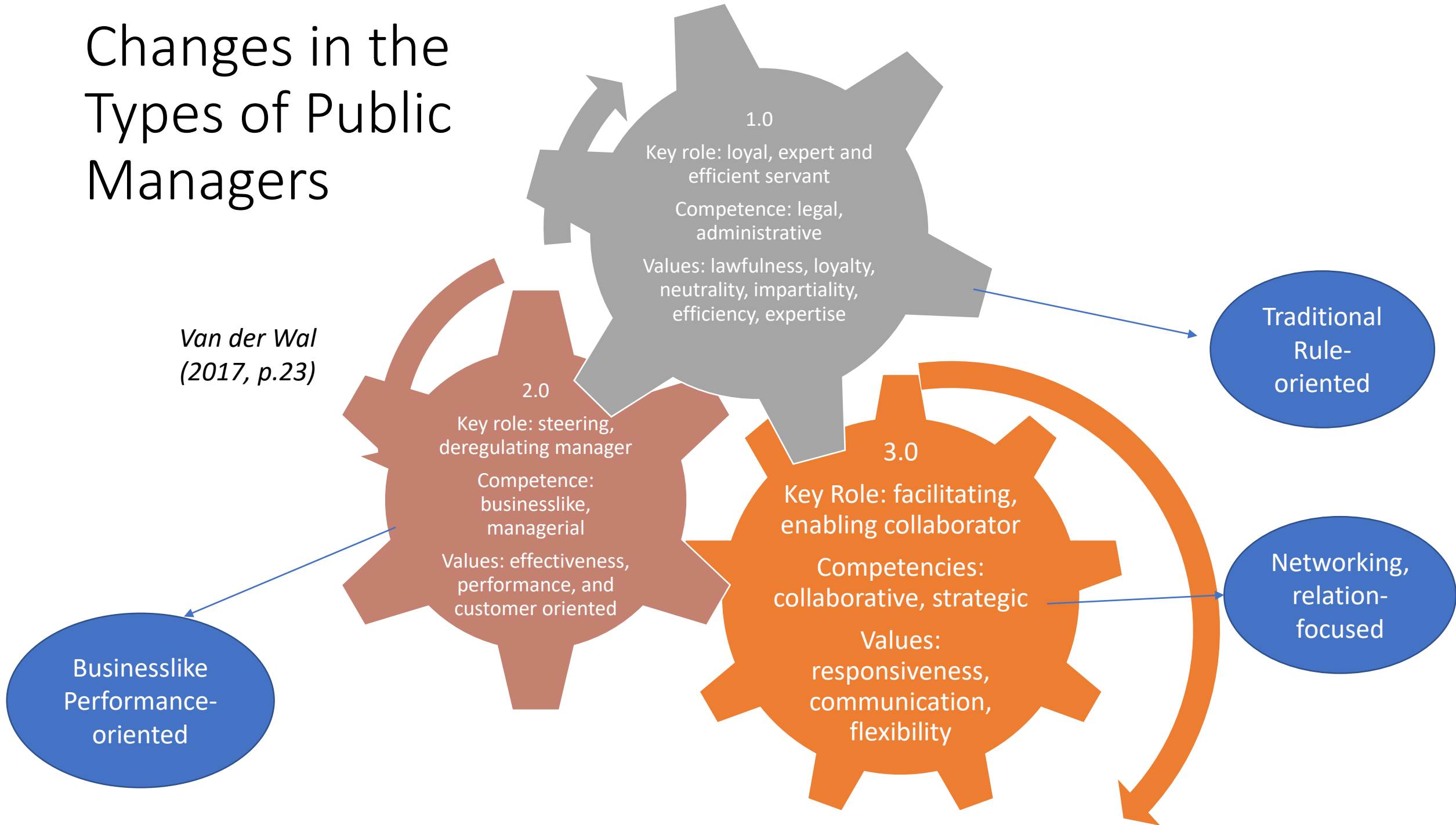
# Global Mega-Trends

- KPMG (2014) – Global Mega-Trends

Trend 1	All is <u>networked-enabling</u> technology, social media, and big data
Trend 2	Great expectations – individualism and demands for <u>unlimited transparency</u>
Trend 3	Forever young- <u>demographics</u> , fertility, and ageing
Trend 4	<u>Economic interconnectedness</u> – convergence, contagion, and regulation
Trend 5	More with less – public debt and <u>fiscal pressure</u>
Trend 6	<u>Global power shifts</u> – the Asian century and the multipolar world
Trend 7	<u>Ultra-urbanization-mega cities</u> as nodes of growth and governance
Trend 8	More from less – <u>resource stress, depletion, and climate change</u>

# Changes in the Types of Public Managers

*Van der Wal (2017, p.23)*

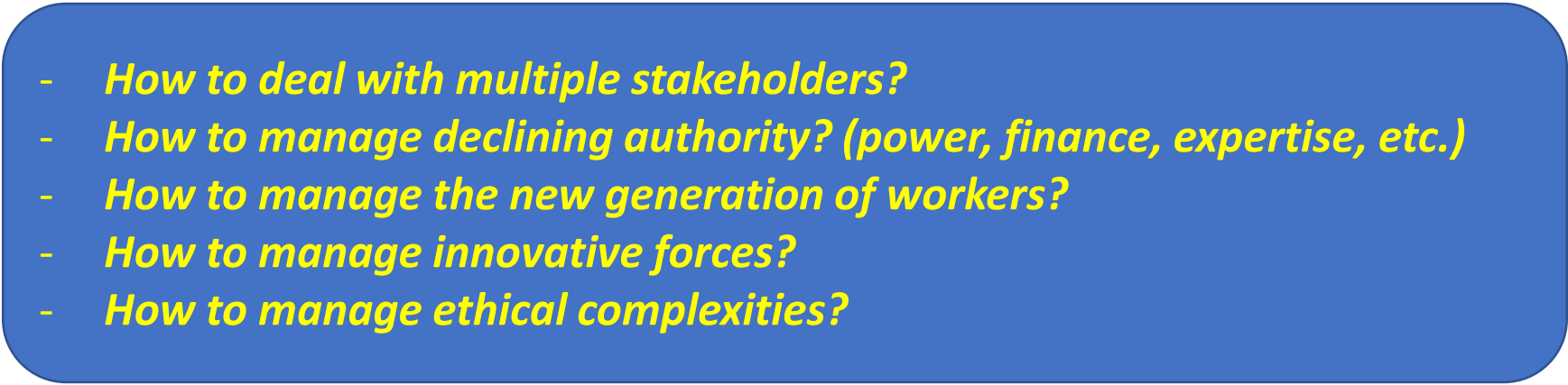


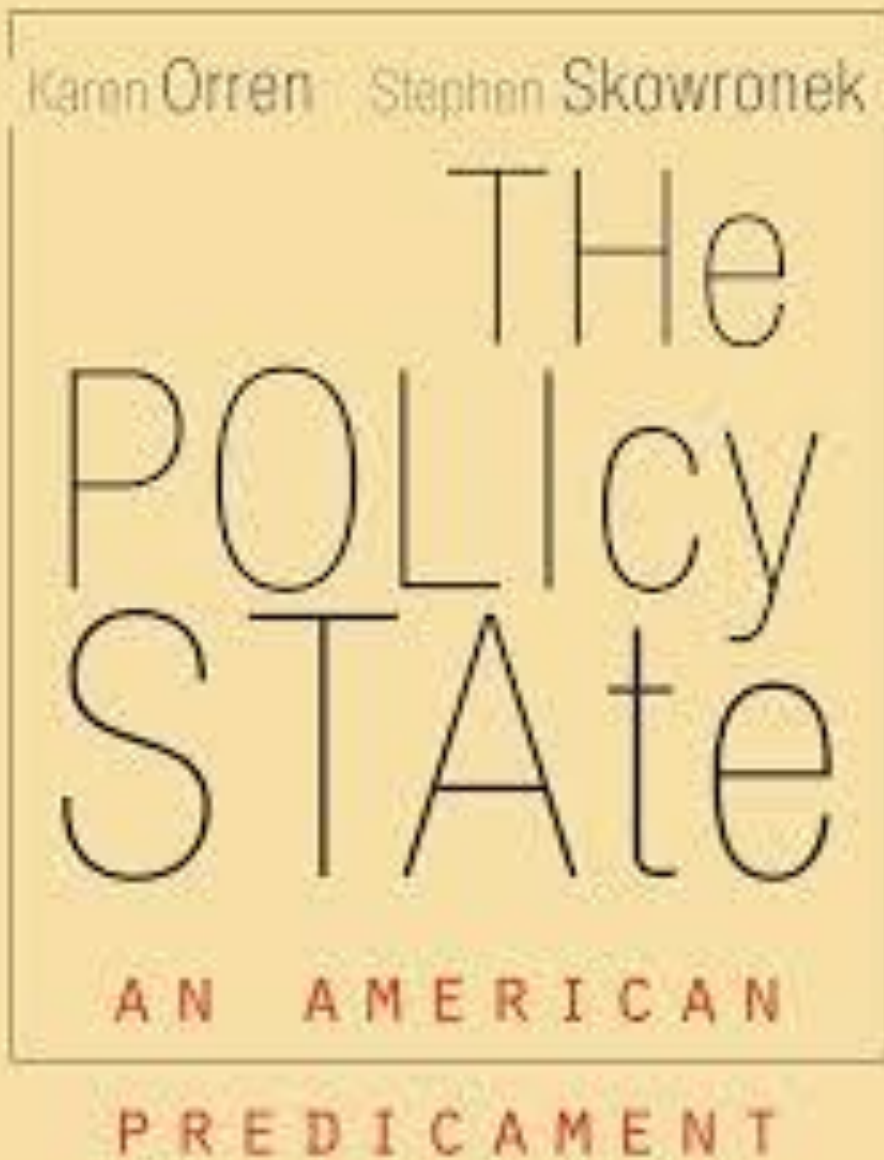
# Ideal to Reality: *Is Vietnam Changing?*

- Hart (2014) Model: Public Manger from 1.0 to 3.0 – Among three ideal types, which is close to **current Vietnamese government**? Is your government well reacting (or adapting) to new environment?



Managerial  
Challenge  
under the  
Global Mega-  
trends

- 
- *How to deal with multiple stakeholders?*
  - *How to manage declining authority? (power, finance, expertise, etc.)*
  - *How to manage the new generation of workers?*
  - *How to manage innovative forces?*
  - *How to manage ethical complexities?*



## This Change Led to Government-Size | Intervention Question

- On the one hand – Regardless of neoliberalism or emphasis on small government – the role of government has expanded in post-war period (general trend).
- (e.g.) Orren and Skowronek (2017) – “Policy State” means that policy took over more and more of the work of government (= Administrative state).
- On the other hand – setting national frameworks, rules, laws, etc. – as society becomes complicated, the role of private sector and nonprofit sector is growing.

# Perspectives on Government decide the size of government

- Since the 1970s: reassessment of the role of public sector in the name of efficiency, effectiveness
- Rise of privatization, marketization, executive agencies (statutory entity)
- Two contrasting trends come together

Ideologically, market-oriented  
government



Practically welfare state, or more  
government services

# (e.g.) Barack Obama administration

On the one hand, he said

“We have agreed to a series of spending cuts that will make the government leaner, meaner, more effective, more efficient, and give taxpayers a greater bang for their buck” (Barack Obama)

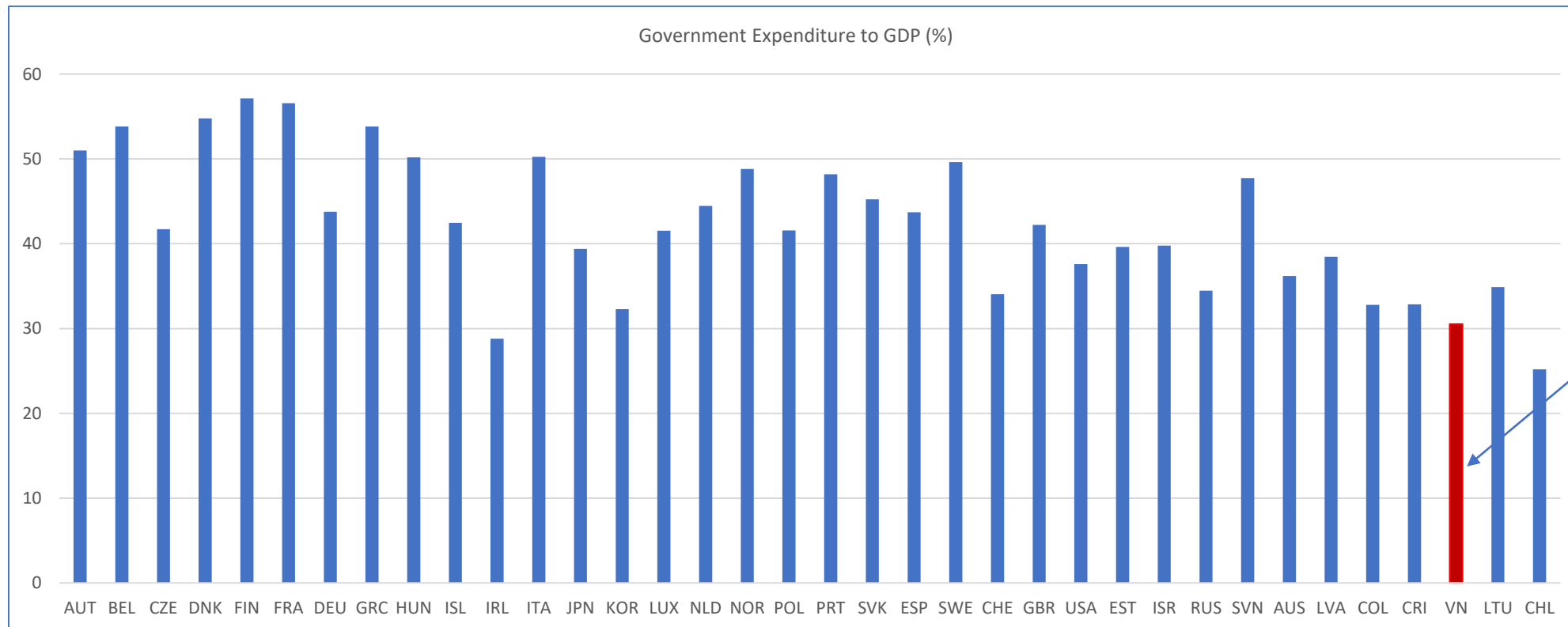


But at the same  
time



# Government Size - Statistics

- Generally, not all, the size of government can be measured by looking at total government spending (or general governmental spending to GDP).



Vietnam 2017 –  
28.2%

# Is Vietnamese Government Big?

When people think about the size of Vietnamese government, is it big or small? Generally speaking.



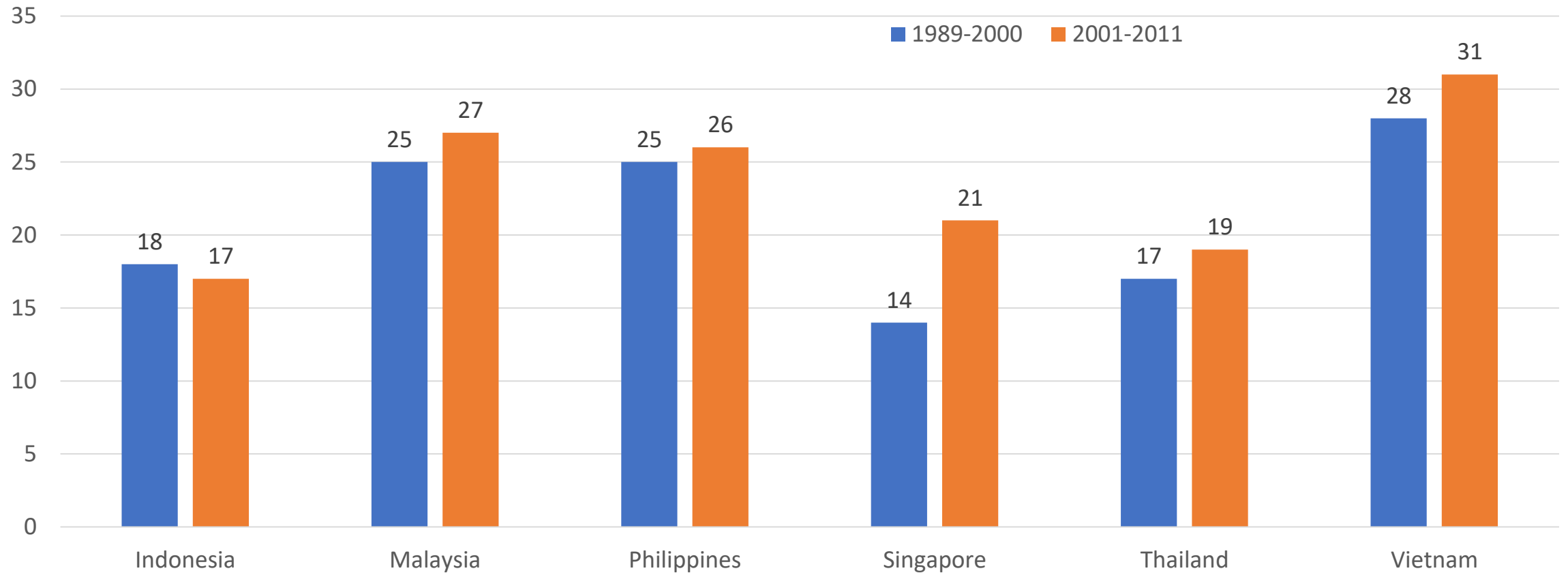
Too big. We have to reduce the size of the government



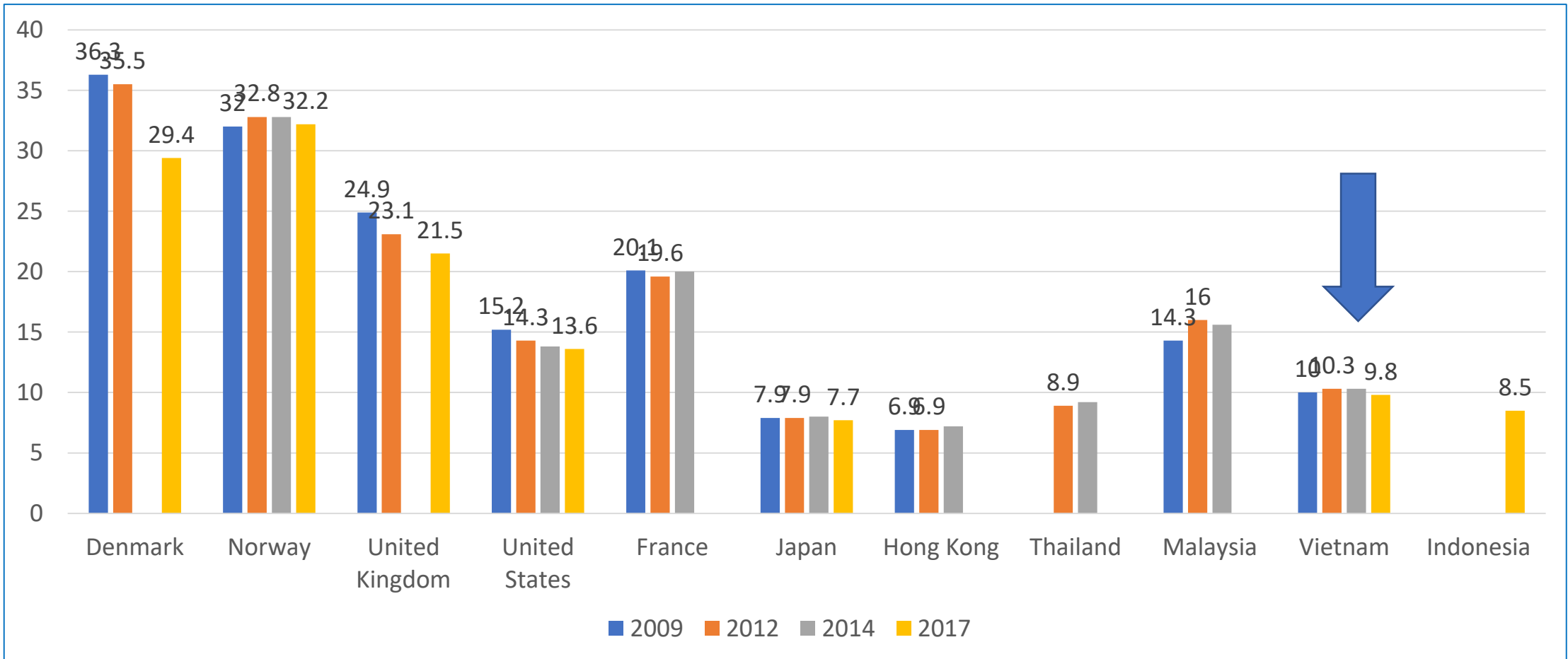
No sir, look at the data! Not big at all, just normal or a bit small!



# Government Expenditure Level



# Too many civil servant in Vietnam?



# Government Effectiveness

- Is Vietnamese Government Effective?

Country	2008	2010	2012	2014	2016	Average
Singapore	100	100	99.53	100	100	99.86
Denmark	99.51	99.04	99.05	97.12	99.04	98.47
Hong Kong	97.57	93.78	97.16	98.08	97.12	96.47
Japan	88.35	90.43	88.63	96.15	95.67	91.96
South Korea	81.55	84.21	84.36	85.10	80.77	82.90
Thailand	61.65	61.72	61.14	65.38	66.35	63.48
<b>Vietnam</b>	47.09	46.41	45.97	51.44	53.47	49.46
Indonesia	46.12	46.89	45.50	53.85	52.88	48.60

# Declining Public Values Today

- Public values provides normative consensus about the rights, benefits, and prerogatives to which citizens should (or should not be entitled).
- Yet, today, it is hard to choose a public value over others.  
(e.g.)  
Liberty vs. Security  
Efficiency vs. Equality
- Even provision of public goods today is not monopolized by the public sector. (e.g.)
  - Voluntary groups, religious groups, international donors doing charity works

# What would be Your Conclusion?

- *Try to answer the following questions:*
  - *Is Vietnamese government size big? (or small?)*
  - *Why is it big? (or small?)*
  - *Government's policy direction: reducing the size – is it right direction?*
  - *How could we make our government more effective?*

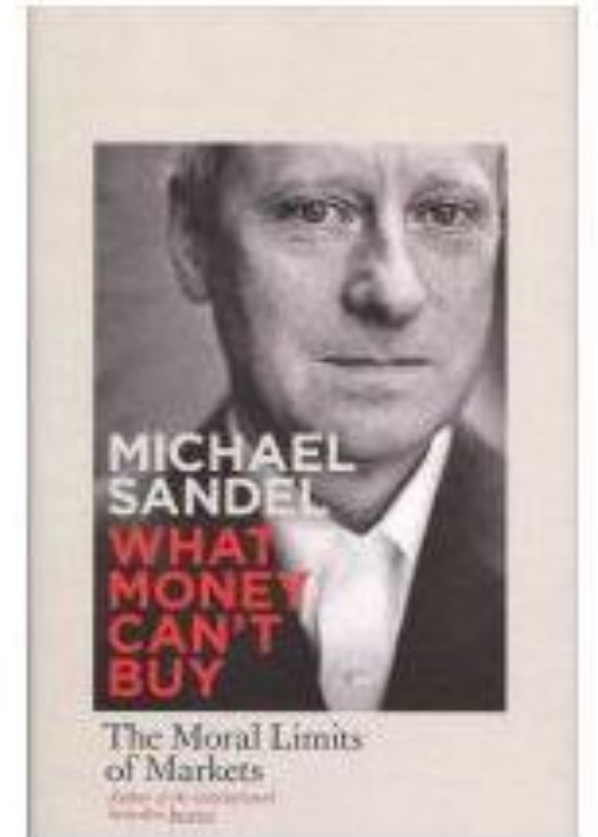
## (e.g.) Barry Bozeman (2007)

- Perspective on public value has been an important criterion for differentiating public and private organizations.
- [Barry Bozeman \(1987\)](#) – “all organizations are somehow **public**.” – public managers can be found in all type of organizations (e.g. Corporate Social Responsibility (CSR) – publicness)
- But at the same time, “all organizations are **private**,” to the extent that they are responsible for tasks that are performed by experts who are governed by professional or technocratic authority.



# Michael Sandel

- Michael Sandel, a philosopher, provides an important implication for current debates about public value.
- He lists a number of examples that shows market-principle-dominance in our society.
- Is the market answer?: The case of Wall Street in the wake of financial crisis.
- But, still we have to consider certain values: Inequality, public responsibility, civic duties, etc. – A market economy is a ‘tool.’



# Conclusion – Do size, government intervention, etc. Matter? Case of Nordics

- World Happiness Report 2018 – Finland, Denmark, Norway, Switzerland, Netherlands, Sweden are frontrunners
- Aren't they good (arguably best) governments?
  - Working capitalism
  - Humanism
  - Generous Welfare (of course higher taxes) – Egalitarian society
  - Harmonious societies
  - Transparent government
  - Innovation
  - Instead of process, substantive impartiality is important
  - Watch a Video (<https://youtu.be/tDAQWJbEI9U>)

