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Review of *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. David Osborne and Ted Gaebler. Reviewed by Mark Lusk, Boise State University.

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adoption of the suggestions it makes, which may be the next requirement for any restructuring of American welfare.

Leon Ginsberg
University of South Carolina

David Osborne and Ted Gaebler. *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*. New York: Addison-Wesley, 1992. \$22.95 papercover.

For most, the concept of a public entrepreneur is an oxymoron much like military music. But for a new generation of thinkers, such as those at the Progressive Policy Institute, government can be held accountable to its constituency by combining democratic representation with lessons learned in the marketplace. Therein lies the essence of a series of publications of which the present volume is among the better recent examples. Beginning with Peter Drucker's *Age of Discontinuity* in 1968 and culminating in the 1991 publication of Susan Rose-Ackerman's *Rethinking the Progressive Agenda*, non-conservatives have been considering the importance of market forces and consumer accountability to the management of the public sector. Lessons from the private sector are being incorporated into the building of a new model of democratic capitalism that the authors contend is being practiced from the schoolhouse to the Pentagon.

It was inevitable that principles similar to those advocated by Thomas Peters and Robert Waterman in their 1982 best seller *In Search of Excellence* eventually be applied to government. Peters and Waterman advocated several simple guidelines for making business more competitive and responsive to the consumer. A similar approach has been taken by Osborne and Gaebler who have defined ten axioms that describe a revolution that is taking place in public management. The authors contend that in the face of severe budget constraints, public managers, particularly at the local level, have been forced to reconceptualize their traditional bureaucratic way of doing business. By slashing red tape, decentralizing decision making, empowering constituents through social choices, and making public

providers compete with each other for consumers, governments have been able not only to contain costs, but drastically improve the quality and efficiency of their services.

While many of the books in this genre are prescriptive, *Reinventing Government* approaches the topic by looking for public achievements and then deriving and publicizing the concepts underlying their success. This contrasts with conventional policy analysis which looks for problems and tries to solve them. A new set of spectacles is required to read this book and in this sense, it is probably more accessible to those outside the policy sciences who are far more skeptical of "responsible government" acting in the public interest.

The authors begin by identifying their assumptions, among which is the belief that "neither traditional liberalism nor traditional conservatism has much relevance to the problems our governments face today." Simple formulae such as spending more (or less) are replaced by discussion of the most effective mix of private and public responsibility. The authors' freedom from ideological convention allows them to develop an approach that simultaneously embraces concepts such as privatization and decentralization while retaining a deep commitment to equality of opportunity and social choice. For them, it is not a contradiction to believe profoundly in government and yet advocate for privatizing much of it. Their emancipation from ideological tradition enables the authors to juggle key concepts such as downsizing, competition, choice, ownership, incentives, and empowerment—concepts not widely utilized by public policy scientists.

A central theme of the text is how to organize government around incentives rather than rules. Several implications follow. For example, most government budgets stimulate managers to waste funds. A budget that is not spent is reduced. This can be reversed by allowing bureaucracies to keep their savings for unanticipated needs, thereby making them more responsive and accountable to real world conditions that cannot be predicted by a central planner. Another example is to increase the flexibility of civil service rules so that managers can reward outstanding effort. A common complaint among bureaucrats is that they have considerable responsibility, but little authority. Few public

managers have the prerogative to reduce or increase salaries based on results. This distortion of incentives destroys morale and productivity.

Similarly, incentives can be used to reward success among public welfare recipients. The authors observe that "if a welfare recipient saves enough to buy a car so she can work, her grant is reduced. If she finds a job, she not only loses her welfare check, she loses her Medicaid coverage, her food stamps are reduced and, if she lives in public housing, her rent often triples." Such a distortion of incentives rewards failure. Michael Sherraden's concept of Individual Development Accounts comes to mind as an alternative to such perverse incentives.

In sum, this is a highly important and timely book that advocates a fundamental change in the way governments are working. In light of the reforms that are sweeping many other governments, its relevance extends well beyond the American situation and should be required reading for anyone on the public payroll.

Mark W. Lusk
University of Wyoming

Maurice Roche. *Rethinking Citizenship: Welfare, Ideology and Change in Modern Society*. Cambridge: Polity Press, 1992. \$19.95 paperback.

Jocelyn Pixley. *Citizenship and Employment: Investigating Post-Industrial Options*. New York: Cambridge University Press, 1993. \$54.95.

In a series of lectures in 1949, the British sociologist T. H. Marshall, used the concept of citizenship to formulate an engaging conceptual representation of the emergence of the Western welfare state. The welfare state, he suggested, personified the attainment of full citizenship rights. Civil (or human) rights which were first secured through political struggle in the 18th century, were augmented by the granting of political rights in the 19th. In the 20th century, the institutionalization of social rights in the welfare state guaranteed that basic human needs would be met.