

Mitchell's Musings 4-15-13: Bad Public Management

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There are good managers and bad managers. You won't be surprised by that observation. However, in the private sector, bad management – *in theory at least* – is supposed to be self correcting. Again, *in theory*, a badly-managed firm will eventually be disciplined in the marketplace. Of course, that process can take a long time particularly if you have a firm with a unique and desirable product. Henry Ford is often cited as a bad manager who had a good product, the Model T car. Once the innovation he developed – mass production to produce a cheap automobile – became widespread, Ford Motor Company lost its competitive advantage. But that development took a long time unfold.

In the public sector in democratic countries, elected public officials – who you can think of as managers of a kind - are supposed to be disciplined by the voters. However, at best such disciplining can happen only at intervals (with rare exceptions for jurisdictions with recall provisions). But not all high officials are in elective office and it can take either a major scandal or outrageous conduct to remove even those that are subject to periodic voter approval.

Voters may either have a high tolerance for bad management or be apathetic about it. Near Los Angeles is the small City of Bell which attained national attention as a poster child for poor public management. Thanks to some journalistic digging by the *Los Angeles Times*, it was revealed that the city manager was in effect paying himself an outrageously high salary and keeping it hidden from the general public. Note that the city manager system is supposed to be a Good Government reform, putting city administration in the hands of a trained professional rather than a corrupt politician. In this case, however, the members of the Bell city council seemed to answer to the city manager rather than the reverse and were apparently kept quiet by outrageous salaries for themselves he arranged. Once the information came out in the news media, a recall election took place and the city council was replaced. At this moment, the city manager is awaiting trial.

The fact that Bell was undone by a system that is supposed to promote Good Government is revealing. Reforms can have inadvertent consequences. And there are many examples that don't involve the kind of extreme behavior that leads to trials or illegal activity. Here in California, national attention was focused on the state well before the Bell scandal. In 2003, after the state found itself in a major budget crisis, incumbent Governor Gray Davis was recalled and replaced by Arnold Schwarzenegger. There was no allegation of corruption on Davis' part – just bad management leading to the budget problems and an electricity crisis. But by the time that Schwarzenegger left office in early 2011 – not by recall but by being termed out – his unfavorable poll ratings were roughly the same as Davis' in 2003.

There is an interesting parallel between Davis and Schwarzenegger even though they had very different personalities and career paths. Davis was a career politician and an extreme micro manager who was reluctant to delegate. Schwarzenegger was the opposite; he couldn't be bothered by details, let underlings take care of them, and had problems in focusing and selecting priorities. And he had no political experience before becoming governor. During relatively prosperous periods when there are no

dramatic problems both could get by and be popular. When there were major budget problems, however, being at either extreme – either too micro or too macro – produced the same ultimate effects. Problems get away from you if you try to do everything or if you are unfocused.

Although I have elsewhere written about the Davis and Schwarzenegger episodes, what set me thinking about public management were two recordings I made back in 2010 and then forgot. I recently came across the two recordings: radio interviews about Los Angeles Police Chief Daryl Gates who died in April 2010. The post mortem interviews were with a journalist, David Cay Johnston, who had tracked Gates as police chief during the years he served, 1978-1992. The final year is significant because 1992 was the year of the LA Riots and thus of a massive police failure.

Gates was a bad manager who, thanks to various path-dependent Good Government reforms, could not be fired by then-Mayor Tom Bradley. I have posted the two interviews and you can hear them at <http://archive.org/details/DarylGatesInterviews>. Be warned; although it is often said, “of the dead say nothing but good,” neither interview falls into that category.



Chief Gates

Chief Gates was a protégé of an earlier police chief, William Parker. Parker was chief during 1950-1966. He saw his role as professionalizing the LA Police Department. Parker’s ideal of a police officer was portrayed in the 1950s *Dragnet* TV show by Sergeant Friday, a kind of human Robocop who always caught the criminal and had no personal vices other than incessant cigarette smoking. Cigarette commercials, if memory serves, were common on the show. In any event, you can see old *Dragnet* programs on YouTube. (Look for the black and white 1950s version of the show.) Often, witnesses and victims of crimes were depicted as quasi-comic or childlike and in need of protection. Chief Parker is mentioned at the end of each show after the fate of the criminal who was nabbed is revealed.



The *Dragnet* image of an ideal LA police department under Parker was one that kept everything under control. But the image projected by *Dragnet* was sullied by the Watts Riots of 1965; clearly everything was not under control. But Parker survived that episode and remained chief until he died of a heart attack while getting an award. He at least could be credited with professionalizing the department and leading it out of an earlier period in which there was significant corruption.

In the 1930s, the police were allied with Mayor Frank Shaw, the only big city mayor every recalled. Events of that era included a car bombing by a police officer trying to silence a private investigator hired by a committee of civic Do-Gooders that was looking into mayoral corrupt practices. After the bombing scandal and recall, subsequent reforms were designed to insulate the police chief from politics. But they led to a situation in which Gates couldn't be fired despite evident failures.

So what do we learn from these episodes? There is the obvious one that efforts to improve public management often occur only when major problems develop and some kind of reaction results. But reforms with good intentions of one era can produce the public management problems of the next. Even discipline by voters – such as the Davis recall – can ultimately lead to disappointment with the eventual results.

So what to do? One of the characteristics of American higher education is that management schools and public policy schools are often separate. That is unfortunate for both. Much of public policy is aimed directly or indirectly in the regulation of business. But a typical MBA student will emerge without much knowledge of how such policies are made. It's not surprising that business types who run for public office or who move into public office find themselves without the skill set necessary to make political institutions work.

But the same can be said when those in the world of public policy and politics interact with business. Policy analysts and policy makers end up formulating policy that affects business without much knowledge of how businesses operate. In addition, the world of public policy inevitably involves organizations that administer public policies or make them. General management skills are required. Even those in elective office in legislatures or city councils, while not having direct supervision of large staffs themselves, ultimately are involved in evaluating the top leadership of administrative departments. And, of course, those in the executive branch – mayors, governors – have direct responsibility for such departments.

At UCLA, we do have a joint MPP-MBA program. There are such programs at other universities. But only a handful of students go for the joint degree since it involves three years rather than the two that would be involved for either degree singly. That extra year is one more year for the student of not working and one more year of tuition. The fact that business schools and public policy schools developed separately is an historical fact that can't be changed. But it would be a Good Thing if both sets of schools provided a more integrated curriculum.