

POLITICAL CONSTRAINTS OF PUBLIC MANAGEMENT REFORMS IN CEE COUNTRIES

Author: JENEI György *

Abstract: *After forty years of the Soviet Russian empire the 1980's closed with a number of significant events in Central and Eastern Europe, in particular, the end of totalitarian or authoritarian rule and, perhaps, an even greater accomplishment: the end of the military control of nations based largely on ideological grounds. These events opened new opportunities for the countries of the region: to find new paths to Europe, to move into a shared "European house", or into the European Union and to emulate the other European occupants.*

Public policy institutions pervade people's day-to-day lives. These institutions regulate and control their lives in the working place and in the neighbourhood. Indeed, public agencies have a profound impact on our lives from the moment of birth to the instant of death, in our childhood through our old age. The intervention of public policy institutions has had an increasingly positive and directive character in the 20th century. The scope of their intervention has broadened and nowadays encompasses areas of economic activities that have traditionally been considered private. Today, public policy institutions make policies in a great variety of areas including education, health, labour, welfare, transportation, defence, economy, and many others.

Keywords: *Public Policy, Public Agencies, Political Power, Reform*

JEL Classification: *K23*

Historical context

After 1945, more than fifty years ago Europe split along the Elbe-Saale and Leitha rivers, coincidentally following the borders of the Carolingian Empire which existed more than a thousand years ago.

It was a fragmentation with several consequences. Central Europe disappeared and a totalitarian system was established in the Central and Eastern parts of Europe, dominated by the Soviet Union. The regular attempts to homogenize the Soviet Russian empire were inseparable from "real-existing socialism", as it was called. The extent to which this Russian Socialist Union was artificial, lacked organic roots, and was an external carapace or a constricting bond gripping the body of society is best shown by the rapidity with which the countries of the region in their drive for independence put an end to this political system. They did so in a matter of seconds, like a snake shedding its skin.

After forty years of the Soviet Russian empire the 1980's closed with a number of significant events in Central and Eastern Europe, in particular, the end of totalitarian or authoritarian rule and, perhaps, an even greater accomplishment: the end of the military control of nations based largely on ideological grounds. These events opened new opportunities for the

* Dr., Professor at the "Corvinus" University of Budapest, Hungary.

countries of the region: to find new paths to Europe, to move into a shared "European house", or into the European Union and to emulate the other European occupants.

Those "for whom the scenery is not a map", those who do not take a bird's-eye view of Central and Eastern Europe can already detect the new fault lines forming along the old historical trace lines in the regions east of the former Carolingian Empire. Proceeding from west to east, the first fault line is the eastern border of unified Germany. There was a time when East Germany was among the most highly developed regions of the world, and now it is again setting off at breathtaking speed – burdened by new political and social conflicts – to scale the heights. The second dividing-line may be the eastern border of the Baltic States, Poland, Slovakia, Hungary and Slovenia. It is the eastern borderlines of the new EU member countries of Central Europe. But hopefully this borderline will move toward East in the foreseeable future when the current accession countries (Croatia, Bulgaria, Romania) will have been finding their ways to the position being new members of the EU. The third dividing-line in Central and Eastern Europe is the border of the Belarus, Russia and Ukraine. This border is secure on the east, but at western edge of Belarus and Ukraine the population is orienting itself towards new centers of gravity in the Western direction and it results in internal tensions, and threatening of a civil war. The fourth dividing-line traverses south-eastern Europe and here, too, ancient historical traditions are coming to the surface. Yugoslavia severed by the dividing-line between western Christianity and Byzantine Christianity, where Moslem forces were awakening and gaining self-awareness was not able to withstand the pressure of centrifugal forces.

What are the main conclusions of this new pattern of division?

First: different levels of legal-institutional certainties have been emerging during the last decade. The new EU members can be found on one edge of the continuum with consolidated, relatively stable democratic systems. On the other edge the East-European and the Balkan group of countries can be found with weaker or stronger efforts toward democracy. And – according to the lessons drawing from the European history in the XX. century – any external enforcement of democracy can result serious consequences. The external enforcement can create a power vacuum between the expectation of the population and the requirements of a liberal democracy. Such form of a power vacuum always results the emergence of an authoritarian or even a totalitarian system.

We have to be able to draw lessons from the European history. In the XX. Century there were several cases when the establishment of a democratic political system was basically the result of external constraints. The results were always the same: these democracies were fragile not having been able to find the appropriate answers to the economic, social and political challenges.

It was the case in Italy after World War I when Italy took over the Belgium Constitution established in 1830. This constitution was a pattern for the democracies of Europe but it did not meet the expectations of the Italian population. And the consequence was a civil war between the political forces of the extreme left and extreme right which was ended by the authoritarian corporatist power of Mussolini.

The same thing happened to Germany after the World Economic Crisis of 1929-1933. The Weimar Republic was not supported strongly enough from German population anymore and the weak support opened up the historical opportunity for Hitler to create a totalitarian political system with the limitation of market forces in the economy.

Secondly certain steps of the public management reforms can get totally different mean meanings and interpretations. Service provision means customer orientation and citizens' involvement in the democratic context while on the contrary in an enlightened absolutism the population is privileged with service provision.

The same differences are relevant to the interpretation of the protection of human rights.

In the new democracies of Central Europe protection of human rights is the requirement and the expectation of civil societies. From that respect governments are under continuous pressures of different social groups. On the contrary protection of human rights in a democratic political system with instabilities based on the decision of a paternalistic state and it is not a result of the requirement of a civil society.

Apart from the differences emerging along the new fault lines there are characteristic features of each countries in the region based on the special historical heritage.

In the beginning of the transition for instance Hungary had definite advantages compared to other countries in the region in economic terms. In 1968 an economic reform was launched in Hungary. This reform gave more emphasis to market incentives and mechanisms in the framework of a centrally planned economy. Due to this reform – first in agriculture, and later in commerce and industrial firms at the end – enterprises had limited autonomy in decision-making. The extension of the economic reform was not continuous and there were controversial elements and intentions in the economic system. But it had a great importance and by the end of the 1980s market incentives had a significant influence in Hungary.

Therefore the basic task was somewhat different from that of other former socialist states. A transition from a planned economy interspersed with some market type elements to a basically market-oriented economy, took place. Due to these circumstances, some of the legal institutions of a market type economy were already established before the political changes of the transition. There were laws regulating enterprises and limited companies. Modern income tax and value added tax systems were introduced just before 1989. A legal basis was created for the foreign investments and a 1988 act modernized company codes.

In the Hungarian political system there was also limited cultural autonomy. Based on this autonomy the Hungarian Socialist Workers' Party was not as homogenous as other ruling parties in the region. In the political system the articulation of the interests of different groups was also possible in a limited way. There were ideological taboos of course, which could not be touched. This autonomy created a genuine demand for a real transition in Hungary. And the majority of the population had experienced how to express their interests using institutionalized and legal forms and opportunities, but Hungary was far from a political pluralism which had been emerging in Poland in the 1970's and 1980's.

That is the reason why the Hungarian and the Polish transition was evolutionary, which contrasted sharply with the experience of other countries in the region. Hungary and Poland had a "quiet revolution" – a so called "constitutional revolution" in contrast with the "velvet revolution" of Czechoslovakia or even more evidently, the "bloody revolution" in Romania. Because of the existence of a degree of political tolerance, a single nationwide election in 1990 established a market economy and a pluralistic democracy in Hungary.

The political context: public policy institutions and the functions of the state

Public policy institutions pervade people's day-to-day lives. These institutions regulate and control their lives in the working place and in the neighbourhood. Indeed, public agencies have a profound impact on our lives from the moment of birth to the instant of death, in our childhood through our old age. The intervention of public policy institutions has had an increasingly positive and directive character in the 20th century.

The scope of their intervention has broadened and nowadays encompasses areas of economic activities that have traditionally been considered private. Today, public policy institutions make policies in a great variety of areas including education, health, labour, welfare, transportation, defence, economy, and many others.

There are many actors in the public policy process including legislatures, political parties, governments, lobbyists, interest articulation groups, trade unions, churches, and other integrative organizations. In addition to the regular actors, we can find occasional actors as well. For example, the Constitutional Court becomes part of the public policy process when it determines whether a proposed act in the parliament is constitutional or not. Other casual participants include temporary or goal-oriented organizations, spontaneously formed pressure groups, and the like.

Among these different actors, the most decisive and substantial are the public policy institutions.

Public policy institutions exercise crucial influence on organized political power in contemporary society. The state has different institutions including legislative bodies,

(parliamentary assemblies and subordinate law-making institutions), executive bodies, and judicial bodies. There are differences among the political systems as to whether legislative, executive and judicial institutions are separate from one another or overlap. In Western Europe, there is a considerable overlap in parliamentary institutions, while in the United States in contrast the three branches of the state consist of distinctive institutions.

There are three levels of state institutions: national, regional, and local. The degree of autonomy at the regional and local levels is crucial because of its influence on the implementation process. In the democratic political system, local institutions have significant autonomy and therefore, are subject to different political influences.

Interest groups have real opportunities to influence political decisions and can cause major modifications in decisions concerning policy implementation.

Traditionally, the state performs certain fundamental functions. Among the more important of these is the maintenance of law, order, and peace – in other words the maintenance of internal and external security. All political systems employ police and armed forces to guarantee internal and external security. The state also has an important role in protecting property rights and in establishing a system for dispensing justice among citizens.

During the twentieth century, the role of the state has expanded. In addition, to the states' traditional, control, regulative and judicial activities, the provision of services and the operation of the economy have become major functions. The areas of state intervention are of particular importance. The first of these areas is the welfare function, which includes the provision of such services as education, public health, pensions, income maintenance, and housing.

The second area is intervention in the operation of the economy by facilitating industrial development through subsidies and tax concessions, by direct involvement in the productive process, and by monetary and fiscal policies aimed at regulating the economy.

The third area includes regulatory activities to limit the adverse impact of individual behaviour by, for example, environmental protection, consumer protection, and the limitation of the exploitative potential of monopolies and cartels.

In the 1990's, Central and Eastern Europe took leave of the old order. Long existing structures and mechanisms collapsed. Totally new forms of public policy institutions have already been created to replace them. The new democratic political systems are faced with the task of organizing changes in three dimensions:

- from totalitarianism to democracy
- from command economies to market economies
- from a bloc structure to national independence

Historically, there are two types of systematic transition to the market economy. (Feinstein et al.1990) The first is the market-led, evolutionary type – we can call it the “organic” type.

This was the road followed by Great Britain, the first industrial nation, and later by the United States, France, the Netherlands, Belgium, and the Scandinavian countries. In this type of transition, the state did not have a dominant role, rather it merely facilitated the development.

The second type is a functional one, a state-led transition, in which the role of the state was decisive, especially in the beginning.

In this type of transition, the state assisted the private sector in many ways. It created the overall legal and economic framework for the transition and also served as a major economic agent. However, even though the role of the state in functional transitions is critical, the state does not usurp the place of the private economy. The performance and the commitment of the society to the transition were decisive in the long run. (Buitter et al. 1997)

The current period of transition in Central and Eastern Europe is clearly not of the organic type. Although this type of transition is attractive, the conditions necessary for it do not exist in Central and Eastern Europe. Countries in Central and Eastern Europe started from a more unfavourable base. Moreover, there are serious political pressures because of the demonstrative impact of living standards in the Western world from outside and the illusions and expectations of the population inside. Thus, the people of Central and Eastern Europe are not willing to wait for the

lengthy period of time required by an organic transition. That is why these countries are forced to follow the functional pattern of transition. (Wiedefeld, 1992)

Therefore, there are a great variety of tasks that have to be undertaken by the state in Central and Eastern Europe:

- In fiscal and monetary policy, the state must control the money supply and assume responsibility for the government's budget.
- The state must develop the necessary infrastructure (railways, telegraphs, steel, electricity etc.) and establish housing programs and model factories.
- The state must provide extensive aid and encouragement to the private sector through tax concessions and allowances; low interest loans, grants, and subsidies; and by promoting competition and eliminating restrictive practices, developing strategies for industrial development, stimulating the import of foreign technology, and helping to restructure declining industries.
- The state must develop policies for immigration, policies for labour supply, policies for worker participation, legislation for determining the rights of trade unions, welfare policies, education and training policies, policies for promoting research and development, and policies for improving standards in sciences and technology.

Given these responsibilities, it is evident that the transition from command economy to market economy and from totalitarian state to pluralist, multiparty democracy requires essential reforms in the basic functions and institutions of the state. (König, 1992)

The new state must provide the legal framework for the economic development instead of directly organizing the economy, as was the case prior to the transition.

Instead of the cultural-educative function, the state has to function in cultural life and in education without ideological priorities. Instead of being an integrative factor, the state must promote restoration of civil society. The most important elements of public sector reform include:

- Privatization programs and contracting out activities
- Decentralization of decision-making to the regional and local level, providing genuine legal and financial autonomy for local institutions
- Deregulation reforms that make the long, complicated laws and regulations understandable to the public
- Transforming and flattening organizations so that they are not only relative, but also proactive in connection with changes in public requirements and demands
- Changing procurement policy, financial, human resource management, and information systems in public organizations so that government agencies can work more effectively to develop new forms of cooperation with the nongovernmental organizations and the private sector and give more attention to the citizens they serve
- measuring the performance and the outcomes of public sector activities by reviewing and monitoring, rather than by commanding and controlling.

It is obvious that all organizations in the public sector have to adjust and accommodate to the changing circumstances. These changes are rapid and in many cases they are unpredictable. Therefore, public organizations need to be stable and able to keep up with the changes.

Theories on the Role of the State

There are four major theories concerning the role of the state: pluralism, elitism, neomarxism, and corporatism.

Pluralism

Pluralism emphasizes the constraints and pressures exerted by a wide range of groups in society. According to this theory, public policy is essentially a reflection of the preferences of these groups. Classical liberal theory (John Stuart Mill, Jean-Jacques Rousseau) which is consistent with one variant of pluralism, emphasizes the need for direct and active involvement of the citizens of a nation in the running of its government. More recent exponents of pluralism – for instance Schumpeter – stressed the central role of regular competitive elections. According to their ideas, public policy is an “institutional arrangement for arriving at political decisions in which individuals

acquire the power to decide by means of a competitive struggle for the people's vote". (Schumpeter, 1974. P. 269.)

In the most recent interpretations of pluralism, the role of political pressure groups has become more decisive than the role of regular, open elections. Richardson and Jordan explained that the welfare state has already reached the stage of "postparliamentary democracy" (Richardson – Jordan, 1987) and on that level different public policies are developed through negotiation between government agencies and pressure groups, which are organized into policy communities.

The foremost exponent of the American version of pluralist theory is Robert Dahl. According to what he calls "polyarchic" theory, power is widely distributed among different groups in politics. No group is without power and no group is dominant. However, all groups do not have the same degree of influence. It is because of the pluralist presumption that the sources of power (money, information, and expertise) are distributed non-cumulatively and no one source is dominant. (Dahl, 1975)

"Public choice" theories emerged within the framework of concepts suggested by pluralism. The core part of these theories is that politics is similar to a marketplace in which parties compete to win power by responding to the demands of pressure groups (Tullock, 1976.) In this approach the elements of economic theory are applied to analyze political behaviour (for example, see Downs, 1967).

The theory of "government business cycle" – which was evolved in close association with the public choice theories – contains two core components. According to this theory, government expenditures regularly increase before the general election in order to satisfy the demands of voters and reduce unemployment. As a result inflation and government budgetary deficits are a regular feature of the post – election period (Nordhaus, 1975).

Elitism

Elitist theory emphasizes that public policy is dominated by a small number of well-organized societal interests. According to Pareto and to Mosca, the distribution of power is cumulative and power is concentrated in the hands of a minority group. In the classical form of elitism, the power of the political elites was based on military conquest, the control of waterpower, or the command of economic resources. In the modern welfare state, there are different kinds of elites and their influence is based on their position in public agencies and organizations. A distinction is made between the political elite and the political class. The political elite consists of "those individuals who actually exercise power in a society at any given time"... [including] members of the government and of the high administration, military leaders, and, in some cases, politically influential families of an aristocracy or royal house and leaders of powerful economic enterprises. On the other side, political class consist of leaders of political parties in opposition, trade union leaders, businessmen and politically active intellectuals. (Bottomore, 1996.pp. 14 – 15).

In the American version of elitism, C. Wright Mills pointed out that institutional position is a source of power, and therefore the distribution of power is not pluralistic (C. Wright Mills, 1956). This conclusion was supported in the United States by studies of local politics. The most famous among them is Hunter's study of Atlanta, Georgia in which he pointed out that there is an elite behind the local power consisting of businessmen, bankers and industrialist.

Neomarxism

The main focus of neomarxism is on the influence of economic interests on political action. According to Miliband, the state is not a neutral agent. It is an instrument for class domination and the capitalist state's main function is to assist the process of capital accumulation. (Miliband, 1969). The main opponent of Miliband is Poulantzas (1973) who argues that the class background of state officials is not as important as Miliband suggests because there are structural constraints placed on the state by the objective power of capital. Both Miliband and Poulantzas believe that the state has relative autonomy.

Corporatism

Corporatist theories deal with the impact of economic changes in industrial societies.

According to these theories, corporate involvement by the state extends to policies on prices and incomes and planning agreements with industry. In this theory, social classes or groups do not control the state. Instead, they play an independent and dominant role in its relationship with labour and capital. Moreover, unions and employers' organizations are closely incorporated into the governmental system.

The most famous representative of corporatism, Schmitter characterizes the ideal type of corporatism as follows:

“ . . . a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports” (Schmitter, 1974, pp. 93 – 4).

Schmitter distinguishes between state and societal corporatism. State corporatism is authoritarian and anti-liberal (for example, the political system of Fascist Italy). Societal corporatism in contrast, exists in pluralist political systems. It is alternative to pluralism yet it is a means for interaction between state and societal organizations and for interest representation.

Bureaucracy and public policy institutions

The increasing importance of bureaucracy is the consequence of the development of a complex economic and political system in modern societies. This trend was already evident by the end of the last century, and from then on a process of bureaucratization could be observed in the public policy.

The most influential theory that recognized these trends and tried to explain them was that of Max Weber. Weber's theory of bureaucracy was associated with his analysis of types of authority. According to him, the three basic authority types are: charismatic, traditional, and rational-legal. Charismatic authority is based on “devotion to the specific and exceptional sanctity, heroism or exemplary character of an individual person.” (Max Weber, p. 328. 1947.) The weakness of charismatic authority is in its instability, which results from the personal nature of the relationship between the leader and his followers. This instability makes the development of permanent institutions difficult. Traditional authority can be characterized as “an established belief is the sanctity of immemorial traditions and the legitimacy of the status of those exercising authority under them.” The weakness of the traditional authority is in its static nature. Compared to charismatic or traditional authority, rational-legal authority is ideal because it is based on, “a belief in the legality of patterns of normative rules, and the right of those elevated to authority under such rules to issue commands.” (Max Weber, p. 329, 1947.) The development of rational-legal authority is connected to the evolution of modern industrialized society. It is generally recognized that this type of authority is superior to the other two types because it meets higher performance standards.

Contemporary politics, Weber claimed, was being shaped, first, by the emergence of modern bureaucracy – most especially the growing state apparatus, increasingly led by technically trained, professional career administrators. The second trend Weber saw, to some extent oblique to the first, was the rise of a new class of professional politicians, their influence based on no inherited social status, but rather on mass political parties claiming membership and the suffrage of millions of ordinary citizens. Looking back more almost a century later, we can see that Weber's insights were remarkably prescient. Every society of any size needs bureaucracy. Not all social interaction can be managed by altruism, or market. (Diamant, 1963)

The public sector has to provide public goods and services in response to citizens' legitimate needs and problems. This normative imperative is one of the most commonly accepted foundations of the modern societies. The development of public sector can be seen as a process of bureaucratization. The employees of public sector government offices and administrative agencies have an important role of public decision-making. They are bureaucrats. The term is now

commonly applied to government officials and employees, a group which in an early social climate was referred to more kindly as 'civil servant'.

Bureaucracy and bureaucrats prepare the information for decision-making by politicians and implement the decisions made by politicians (parliament, government).

There is a general trend in the modern societies towards rational bureaucratic authority; without it society cannot cope with the complex administration characterizing modern society.

What are the main characteristic features of bureaucracy? Bureaucrats:

- act or work on legal basis, their role is regulated by law, and their offices are run by fixed rules;
- maintain a hierarchical pyramid of authority within the office;
- manage the modern office on the basis of written document, "in the files";
- officers are specially trained and work full-time at their jobs.

Theories on the Role of Bureaucracy

In the course of this century, bureaucracies have been becoming central actors in the governments of post-industrial societies. Policies are administered and in many cases also controlled, by a variety of ministries, public agencies, bureaus and offices, and other governmental units.

The *pluralist* approach implies that this trend is a possible threat to democracy.

First, Michels pointed out that the trend towards bureaucratization became the characteristic of democratic mass parties as well – as he called it, "the iron law of oligarchy". (Roberto Michels, 1915). This led him to the conclusion that power is concentrated among the top level of bureaucrats and politicians. Thus, even politicians are bureaucrats, rather than servants of the people. This raises the issue of whether bureaucratic power can be controlled by democratic forces? According to Mosca, the answer is that pluralism must be sustained to protect democracy from bureaucrats.

This line of reasoning was also followed by public choice theorists who emphasize that public policy issues – especially distribution issues – in modern society are better settled by markets than by bureaucracies. According to their arguments, public bureaucracies tend to be monopoly providers of goods and services and, in the absence of market limitations, tend to over-supply commodities. This tendency is associated with efforts to enlarge their enterprises: "As a general rule, a bureaucrat will find that his possibilities for promotion increase, his power, influence and public respect improve, and even the physical conditions of his office improve, if the bureaucracy in which he works expands." (Tullock, p. 29, 1976).

In the *Neomarxist* view, the crucial issue is the independence of the bureaucracy.

Their main argument is that the neutrality of bureaucrats involves a commitment to the status quo. Therefore, a bureaucrat tends to be against innovation and occurs to support the existing process by capital accumulation. Under this approach, bureaucrats can be considered as a new social class.

C. Wright Mills discussed opportunities for democratic control. He observed the increasing role of bureaucracies and that in many cases they serve their own interests. He suggested that in the course of the development of bureaucracies, centralized decision-making becomes increasingly important. He pointed out that, "In the polarized world of our time, international as well as national means of history-making are being centralized. It is not thus clear that the scope and the chance for conscious human agency in history-making are just now uniquely available?"

Elites of power in charge of these means do now make history – to be sure under circumstances 'not of their own choosing – 'but compared to other men and other epochs these circumstances do not appear to be overwhelming." (C. Wright Mills, p. 244, 1963). Therefore Mills calls upon intellectuals, scholars, and scientists to take political responsibility for controlling bureaucracies.

Tensions in the political context

The experiences of the modernization and reform efforts in the EU member and the EU accession countries confirmed that governance and political democracy have become key issues in the process of transition. Since the early 1990s more fundamental changes were introduced in public administration in terms of private management methods and the commencement of an overall effort to reduce the scope of the state. This has resulted in a completely new situation. The increasing economic, political and social pressure on public administration has forced bureaucrats to consider the requirements of legalism and managerialism at the same time. This has resulted in tensions and uncertainties in the CEE countries.

The legitimacy of modern democratic states comes from the commonly accepted and institutionalized rules of democratic processes. Due process as such, however, puts constraints on the activities of the modern state. On the other hand, the most visible and important trend in modern public administration is its pursuit to improve the efficiency and effectiveness of its operations. In many cases this desire to achieve better quality outcomes tempts public administrators to depart from existing legitimate processes and institutions in such a fashion that would weaken, perhaps sometimes even endanger democratic processes.

Public administrations in the region face new challenges which require new approaches in the day-to-day implementation of political democracy. There have been both fundamental changes and continuities in the economic, political and social environment of public administration. The economic and political environment has become increasingly complex, as the society, and the economic and political interests and institutions have become increasingly fragmented. The modernization process caused dramatic changes in the social character of the countries with greater diversity in the population, increasing income disparity, changes in family structure and lifestyles, and growing safety concerns. The transition has brought many economic, political, and social difficulties, which have placed a special burden on public administration.

Thus there are many pressures and challenges facing the public administration. For instance people are losing confidence in all institutions, while at the same time every institution is facing pressures on resources and budgets. There is also a continuing push for more "direct" democracy as well as more opportunities for participation. These trends are accompanied by decreasing respect for traditional instruments of "representative" democracy. Under these circumstances, there are two different traps for the public administration. They can either react in an oppressive way, or they can try to minimize the problems. These efforts are likely to be supported by politicians with traditional value orientations.

Another danger is that the civil service might break into pieces as a result of pressures from either politicians or society or both. The only opportunity for long-run survival is when the civil service is committed to modernization and democratization. Professional expertise is also crucial. Only under these circumstances, can an independent and neutral civil service emerge. Without that the civil service cannot serve the long-term interests of society but instead merely follows those who exert the strongest pressure, without any real commitment.

In the decade of transition it turned out that it is not easy to harmonize the requirements of political democracy and market economy. The traditional civil service was established to run in a stable and predictable way in a relatively static environment. Thus it was resistant to change. In the modern world, the civil service has to adjust and accommodate to a rapidly and sometimes unpredictably changing environment. Civil service needs managerial skills; it must not be introverted or risk averse. At the same time a civil service needs to recognize political realities and has to be able to be involved not only in the implementation of decisions but in the policy making process as well.

The current situation is complicated. In this region the crucial issue is not the reinterpretation, but the establishment of an independent and neutral civil service. This service - based on professional expertise - must be democratically responsible. Otherwise, the civil service becomes a tool of certain social groups and becomes a part of an oppressive political system.

It is difficult to say whether officials are more independent and neutral than they were at the beginning of the 1990s. The strategic objectives of the reform efforts and the main trends in implementing them were affected by the change in the government's political complexion after each general elections. On the contrary a positive sign has been the preservation of a certain distinction between political appointees in public administration and career, professional staff. This means that growing importance is attached to an independent civil service, although the implementation process is slow in some respects. The delays are partly due to lack of expertise and a bureaucratic attitude, but partly to the complexity of the process.

Improving professional qualifications of civil servants is an important goal in public administration system of the region. Recruits now have to receive training in the functioning of a modern state and the system of public administration, as well as learning their field of specialization.

Another crucial issue is whether the ongoing reforms should focus on greater autonomy, on business-like managerialism, or on the ethical requirements of day-to-day work in public administration. Even in the developed Western countries, an anxiety has been emerging that giving the bureaucracy broader responsibility may threaten or weaken the legal state (Rechtsstaat). The growing autonomy of bureaucrats and the expansion of business-like managerialism may damage the integrity of civil servants and the ethical foundations of the public sector. Obviously the danger of this and the ensuing damage will be greater in the CEE countries, where the legal state and constitutionalism lack strong historical traditions and political systems have generally been oppressive. The ethical damage has been very serious in the region because there was no legal transparency in public administration.

A further problem is the hiatus or vacuum of values during the transition. There are no ethical standards for bureaucrats, sanctioned by a democratic, consensus-based process. Corruption, for instance, a clear indicator of the ethical integrity of civil servants, has become one of the big obstacles to improving the effectiveness of the public sector and reinvigorating state institutions in the region. It has various sources and motivating factors.

In conclusion, reform of the civil service has critical importance in all areas of the transition process. It relates especially closely to democratization and economic reform in Central and Eastern Europe, where the changing role of the state has particularly important consequences in those fields. While much can be learned from the historical experiences of other transitions, the ultimately decisive factors will be the cultural, social, economic and institutional features of the former socialist countries themselves. There are several key components of the reform that must be carried out. The most important is the assurance of political integrity, autonomy and transparency, and qualitative improvements in effectiveness and in ethical and moral attitudes. The development of a new civil service will be a long-term, continuing process in all CEE countries, of which only the first steps have been taken so far. (Jenei, 1997)

PUBLIC MANAGEMENT REFORMS IN THE POLICY CONTEXT

Public management reforms are usually the initial steps and driving forces worldwide of the modernization of public administration. Public management reforms were initiated on different ways. Politicians were the initiators in Great Britain but in Germany top civil servants on the local level initiated the first steps of the reform. In both cases the cooperation between politicians and civil servant was decisive in the implementation of the management reform process. In this process the role of an independent and neutral civil service was crucial and the main steps of the management reforms were the same.

They are as follows:

The main requirements of public management reforms are as follows:

- "separate departments' service-delivery and compliance functions into discrete chunks, each one called an "executive agency";
- give those agencies much more control over their budgets, personnel systems, and other management practices;

- use a competitive public-private sector search-a radical break with civil service practice-to find chief executives for executive agencies;
- require chief executives to develop three-to-five-year corporate plans and one-year business plans;
- negotiate a three-year "framework document" between each agency and its departmental minister, specifying the results it would achieve and the flexibilities with which it would operate;
- pay chief executives whatever it took to get the talent needed, including performance bonuses of up to 20 percent of their salaries;
- deny chief executives the civil service's normal lifetime tenure;
- require them to reapply for their jobs every three years.” (Osborne-Plastrik, 1998)

In the CEE countries after the creation of the legal and institutional framework in the second phase of the modernization of the public administration managerial reforms have also begun with some special difficulties. The average, scheduled time for the complementation of public management reforms is around 15 years in the modern, Western democracies and it needs a systemic approach to the reforms.

But in the CEE countries civil service is not independent and neutral and the consequence is the dominant role of the elected politicians in the initiation and the implementation of the reforms. And the 4 year “business cycle” of the regular, national elections puts a constraint on the way how politicians handle the managerial reforms. Politicians need convincing results, success stories every 4 year and that is the reason why they deal with the reforms on a superficial way emphasizing the importance of certain steps like budget cut, downsizing as remedy of the improvements. These steps can be efficient in a political campaign but not enough for the implementation of substantial reforms.

Another problem is the limitation of the cooperative culture among the parties. In the CEE countries the political parties are before the so-called Moncloa Pact which was signed in 1977 by the political parties of Spain. In the Moncloa Pact political parties identified 8-10 basic political issues which were taken out of the agenda of the day to day political fights and they form a National Strategy – consisting of these 8-10 political issues – which was accepted by all political parties. It is quite obvious that Public Management Reform should be an important item in a National Strategy of any new EU member states. It is a requirement which can not be met because of the weaknesses of the cooperative political culture.

But public management reforms have already begun in the region and based on the first experiences of the implementation we can draw some conclusions:

- Reform steps consist of series of decisions and actions. They are interrelated.
- Their basis should be a strategic approach. Without a strategy you can not make progress.
- Management reform is complex.
- The reform steps should meet the requirements of the economic, social and political environment.
- The reform steps has to be adaptive. A mix of top-down and bottom-up approach is optimal. At service-delivery more emphasis bottom-up at regulation and compliance function on more emphasis on top-down approach.

The main conclusion is that public management reform is only the initial step in the modernization of public administration and the modernization process can not be completed without substantial reforms in public policy making. You have to provide enough autonomy for the street level bureaucracy in every public agency and especially enough autonomy on the local level of public administration. These are the preconditions of the provision of flexibility in the adaptive process of modernisation.

Apart from that the empowerment of citizens is also integral part of the reform in the decision making process. Empowerment is more than citizen’s involvement. Citizens and their civil society organisations are traditionally involved in the service provision. But empowerment means

more. It requires a full range involvement of citizen groups and organisations in the public policy making from decision making to implementation.

Meanwhile the new EU members and EU accession countries have to implement the administrative principles of the European Union at the same time.

The main administrative principles of the European Administrative Space are as follows:

- openness
- transparency
- integrity and predictability
- accountability
- efficiency and effectiveness

These administrative principles are requirements for the CEE countries of having a modern civil service. In the European Union does not exist any single models of civil service and the administrative principles create an European Administrative Space. It creates common civil service standards which have to be achieved by different means in the CEE countries.

The important requirement is the creation of a public administration system which guarantees sufficient standards of professional quality, continuity, integrity and accountability among civil servants.

The implementation of the administrative principles can provide a balanced position between a constitutional, legal perspective as well as from the perspectives of providing efficient and effective public services. Openness, transparency, reliability and predictability are the basis of legal certainty efficiency and effectiveness are the basis of performance orientation in the public service. Accountability provides the improvement of the quality of public services.

To sum it up: each new EU member and EU accession country has to establish its own civil service model implementing the principles of the European Administrative Space. This implementation needs essential public management reforms coupled with substantial reforms in public policy making. Innovative legal solutions are also required. The reforms have of crucial importance in the modernisation of these countries.

References

1. *Buiter, Willem, Ricardo Lago and Nicholas Stern*, Promoting an Effective Market Economy in a Changing World, Working Paper 23, ed. by European Bank for Re-construction and Development. (April 1997).
2. *Bottomore, T. B.* Elites and Society. (Penguin, Harmondsworth, 1996).
3. *Dahl, R. A.* The Concept of Power, Behavioral Science, 2 (1975).
4. *Diamant, Alfred*, The Bureaucratic Model, Max Weber Rejected, Rediscovered, in: Papers in Comparative Public Administration, ed. by Ferrel Heady und Sybil Stokes, University of Michigan. (1963).
5. *Downs, A.* Inside Bureaucracy. Little Brown, Boston. (1967).
6. *Feinstein, Charles*, Historical Precedents for Economic Change in Central Europe und the USSR, London et al. (1990).
7. *Jenei, György*, The Myth of the "Independent" und Neutral Civil Service, in: The Institutional System of Democracy in Hungary, ed. by Ferenc Glatz, (Budapest. 1997, pp. 145-153).
8. *Jordan, A. G. and J. J. Richardson*, British Politics and the Policy Process. Unwin Hyman, London (1987).
9. *König, Klaus*, The Transformation of a "Real-Socialist" Administrative System into a Conventional Western European System, In: International Review of Administrative Sciences, Vol. 58, 1992, pp. 147-161.
10. *Michels, R.* Political Parties, trans. E. and C. Paul. Constable, London. (1915).
11. *Mills, C. W.* Culture and Politics. In C. W. Mills. Power, Politics and People. Oxford University Press, New York. (1963).

12. *Mills, C. W.* The Power Elite. (Oxford University Press, New York, 1956).
13. *Miliband, R.* The State in Capitalist Society. Weidenfeld & Nicolson, London, (1969).
14. *Mosca, C.* The Ruling Class, trans. H. D. Kahn. (McGraw Hill, London, 1939).
15. *Nordhaus, W.* The Political Business Cycle, Review of Economic Studies, 42 (1975)
16. *Osborne, David – Peter Plastrik,* Baishing Bureaucracy. Published by the Penguin Group. New York – London. 1998.
17. *Poulantzas, N.* The Problem of the Capitalist State.” in J. Urry and J. Wakeford (eds.) Power in Britain. Heinemann, London. (1973).
18. *Schmitter, P.* Still the Century of Corporatism. Review of Politics, 36. (1974).
19. *Schumpeter, J.* Capitalism, Socialism and Democracy. Allen & Unwin, London. (1947).
20. *Tullock, G.* The Vote Motive. Institute of Economic Affairs, London. (1976)
21. *Weber, M.* The Theory of Social and Economic Organization, New York: Oxford University Press. Economy and Society, G. Roth and L. Wittich (eds.), New York: Westminster Press. (1947).
22. *Weidenfeld, Werner,* The Future of Europe, Alternatives, Strategies, Options far the International Bertelsmann Forum. (Bonn. 1992).