

CHALLENGES FOR GOVERNANCE AND SHORTCOMINGS AT THE ANSWERS IN CENTRAL EUROPE

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ABSTRACT: *EU governments – like other governments in the world – have had to live together with fundamental changes and continuities in the economic, political, social and cultural environment of governance and public administration. This paper will raise three main questions:*

- What are the fundamental, long-term changes in the economic and socio-political environment of the governments?*
- What challenges have been emerged for the governments?*
- What are the core requirements of the governmental responses? Do we need to think about new models for public administration?*

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INTRODUCTION

We have been living in turbulent times and the crucial question is how governments can respond to the changing context.

By now it has become quite obvious that the changes we have been experiencing were and are not marginal, but fundamental in character.

That is the reason why the relevant response to these combined challenges could not be restricted to certain actions, but long-term strategies were and are needed.

This paper will raise three main questions:

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- What challenges have been emerged for the governments?
- What are the core requirements of the governmental responses? Do we need to think about new models for public administration?

EU governments – like other governments in the world – have had to live together with fundamental changes and continuities in the economic, political, social and cultural environment of governance and public administration.

I. Firstly: we have global changes in the economic, political, social and cultural environment. I am only mentioning a few of them:

Growing contrast have accentuated between “bounded political systems” and “unbounded” technological, economic, political, and social changes. Many economic, political, and social issues have become transnational rather than national or regional or local.

The social character of the EU countries has immensely changed, with greater diversity in the population, increasing income disparity, changes in family structure and lifestyles, and problem of the elderly. We have been struggling to create new means of social cohesion and new patterns of value orientation.

Citizens have been losing confidence in politics, and public agencies. They have growing public safety concerns

Governments have been facing with pressures on resources and budgets.

Citizens have a continuing push for more “participative” democracy (accompanying the decreasing respect for traditional instruments of “representative” democracy).

The impact of money on politics and election campaigns has increased. The influence of money increases the powers of faction, and decreases the effectiveness of the representational, cross-cutting mechanisms of government.

II. Our second question sounds as follows:

What are the challenges for governance in the EU, coming from the changing environment?

EU governments have to adjust and accommodate to these changes.

The key issue is how governments, public agencies can be stable in a rapidly, sometimes unpredictably changing environment. How can they respond to change and maintaining their stability at the same time. The irony is that when you are static, you can not maintain stability. Dynamic stability is the only solution.

General, substantive challenge is the increasing uncertainty of the traditional, Westphalian sovereignty of the European states. Their abilities have been reduced to control and regulate the flow of goods, persons, pollutants, diseases and ideas across territorial boundaries. The emerging importance of a new type of sovereignty, the so-called interdependence sovereignty has become a general trend.

The main challenges can be enlisted on various areas. We are dealing only with two areas.

Regarding public participation:

- Citizens need to be treated as full participants in many more cases, not just as customers. Otherwise we should cope with – even stronger and stronger – populist backlashes.
- Governments should communicate well with citizens. Otherwise they cannot sustain legitimacy and build support for their decisions and actions.
- We have to make a shift from ideological and party driven actions to interest group politics with participative character. Public agencies have to give more thought to collaboration, and what it means in a multi-cultural society.

Regarding institutional changes:

- we should increase the institutional capacities of our public agencies with transforming, flattening large bureaucracies
- increasingly substituting ad hoc and temporary for permanent forms, implementing changes effecting hierarchy
- strengthening the capacities to lead, and manage on all levels of governance
- creating much closer ties between public sector, private sector and civil society organizations.
- last but not least managing a shift from task execution to complicated problem-solving. Of course we need improvements in the management machinery of public agencies at the same time.

III. The third question sounds as follows: What are the implications of these challenges to the public sector?

The initial step has been public management reforms.

1. First of all they consist of three different contracts. They were as follows:

- establishment of contractual based relationships between the regulative and service provider functions of the governments
- contracting out; the involvement of private enterprises and civil society organizations for the improvement of quality of public services
- legitimizing public services by Citizens' Charter either they are market type oriented like in Great Britain or "Rechtsstaat" (Rule of Law) oriented like in France.

In certain EU countries typical shortcomings are as follows: they implement only one or two out of the three contracts. The most dangerous deviation when only contracting out is applied without contractual based relationship in the public agencies (then public agencies are not able to compete with private enterprises and it results in private monopoly instead of the previous public monopoly) or without Citizens' Charter (it results shortcomings in legitimizing government activities).

2. Secondly the different types following a three-stage historical pattern. (Pollitt-Bouckaert, 2004)

The three stages were as follows:

- the first stage was the traditional Weberian model with the dominance of hierarchical mechanisms

- then the different functions of policy making were uncoupled, involvement of various actors in the public service provision (private enterprises and civil society organizations), and increasing role of market mechanisms have become widespread.
- in the third stage horizontal integration was added to the hierarchical and market integration, struggling with the danger of fragmentation.

Most of the EU countries are in the third stage now, but the coordinative mechanisms not always able to counterbalance the impact of market type mechanisms and hierarchical vertical integration.

A special problem refers to the new EU member states.

In the traditional EU countries the development of the “Rule of Law” and the introduction of “Public Management Reforms” was a sequential process.

Compared to this the essential difference in CEE countries was, that only in the early 1990’s the legal and organizational framework of a “Rechtsstaat” was established and shortly after this they have also got the challenge of introducing managerial methods and techniques in the public sector. Basically the development of the “Rule of Law” and the “New Public Management” has become a parallel process. The result was multiplied shortcomings and deviation from the traditional Western patterns.

Creating a legal – organizational framework for a “Rechtsstaat” does not mean that it is already a functioning legal state based on Weberian principles. But without a functioning Weberian democratic system, coupled with the weakening regulative and monitoring power of the state the initial steps of “Public Management Reforms” result in uncertainties and deviations in the legal state and even strengthen corruption.

3. Apart from managerial requirements CEE countries should cope with other modernization requirements as well. I would emphasize only two of them

- shift from government to governance, and the increasing importance of the regulative-monitoring power of EU governments
- the emergence of participative democracy

What is the difference between governance and government?

In the continental Europe we have problems with understanding the difference between the meanings of these terms. For instance we cannot translate them word by word into Hungarian, but we can define the contents of them.

3.1. Governance is the process by which different actors collectively solve their problems and meet society’s needs. On the other hand government is the main instrument we use in solving these problems.

Governance means changes in the behavior of governments. The basic constraint is that governments have less money for “doing” things, delivering public services based on growing standards of various social groups.

Governments can get out of this trap only when governments are able to “lead” society through convincing its various interest groups to embrace common goals and strategies.

Therefore governments should concentrate more on catalyzing and facilitating change than on delivering services.

The result of this shift to governance is a smaller, but stronger state, when their responsibilities are based on clear-cut objectives, efficiency standards and networking capacities.

Why a shift from government to governance is a necessity?

The first reason is the super competitive global market.

Its requirements are

- the most knowledgeable workers
- the most groundbreaking research
- the best infrastructure
- the most effective health care

You cannot improve your country's position in the global economic competition when

- a large number of your workers are functionally illiterate
- the average life expectancy is lower than the average of the developed countries
- when you have serious deficits in performance standards of the educational and health care institutions

In a strategic view governments should focus

- on the improvement of schools
- on the upgrade of our training systems
- on the control of our health care costs

These objectives can only be implemented in a governance approach, when

- Governments are catalytic, they separate "steering" (policy and regulatory) functions from "rowing" (service-delivery and compliance functions).
- Governments are community-owned. They empower rather than serve
- Governments are competitive. They inject competition into service delivery
- Competitive governments require service deliverers to compete for their business, based on their performance and price.
- Governments are mission-driven. They transform rule-driven organizations to mission-driven governments deregulating internally, eliminating many of their internal rules and radically simplifying their administrative systems, such as budget, personnel, and procurement.
- Governments are results-oriented. They fund outcomes, not inputs

Results-oriented governments shift accountability from inputs ("Did you follow the rules and spend according to the appropriated line items?") to outcomes, or results (Osborne-Gaebler, 1992).

In the governance approach the crucial issue is the relationship between "decision making" and "doing". In other words between "steering" and "rowing".

When we reduce the size of the government do we undermine the power of the public sector? A traditional approach equalising the number of employees with power,

might mean a weaker government. But in a governance approach the criteria of the strength of the government are as follows:

- Can governments actively shape their communities, states, and nations?
- Can they put more social and economic institutions into motion?
- Can they make more policy decisions or are they get caught in the tax-and-spend treadmill?

In other words governance means the ability to steer instead of rowing. It is a typical mistake when governments are preoccupied with rowing and they forget to steer.

3.2. The second modernization requirement is the emergence of participative democracy.

In the mainstream developments of democratic political system there were three main stages:

- direct democracy
- representative democracy
- post-parliamentary, so-called participative democracy

The EU democracies are in a completed representative stage with implementing the participative components as well.

The “governance” model (catalytic function, competition, empowerment of citizens, output/outcome control instead of input control) requires participative democracy with the full range involvement of social groups and their organizations. We would need not only a social, but also a civil dialogue.

In many cases our models do not meet these criteria, because the institutional mechanisms of participative involvement either have not been set up (mechanisms of civil dialogue) or however they are established, but they do not function in the day to day practice of policy making (mechanisms of social dialogue).

According to Aristotle political systems had no stability. And democracy was not an exceptional form. I am convinced that the statement of Aristotle is relevant even in our times, but only in a modified version:

Representative democracy in itself cannot provide political stability. It can result in increasing dissatisfaction with the governments and representative democracy cannot provide an appropriate framework for a governance approach. Representative democracy has no long-run stability.

Governance needs a participative democracy as political framework. When we stick at representative democracy and hesitate in pursuing participative democracy then our nightmares come true instead of our dreams.

Especially in new EU member states we should operate the mechanisms of participative and civil dialogue. A formal creation of the mechanisms is not enough. We should use them in the day-to-day practice.

Politicians –usually- divide society into a polar spectrum containing marketplace on the one side and government on the other side. In this approach civil society is only dependent from these two centers. But we need an approach in which market economy, government and civil society are parts of a three-legged chair. The first leg creates market

capital, the second one creates public capital and the third one creates social capital. Civil society has to develop to a third, independent force in public policy making and then the perspective is a Neo-Weberian synthesis and not a combined mistake of a neo-patrimonial state.

4. In the new EU member countries a special problem is the unbalanced relationship of politicians and civil servants.

In the mainstream developments we can differentiate four different stages (Aberbach et al. 1981).

- The first stage was the simplest: politicians make policy, civil servants administer. It is the Weberian distinction.
- The second stage – the so – called facts/interests pattern – assumes that both politicians and civil servants make distinctive contributions to public policy making. Civil servants bring facts and knowledge, politicians, interests and values. This stage can be dated to the first half of the twentieth century.
- In the third stage both bureaucrats and politicians engage in policy making. The distinction between them is: whereas politicians articulate broad, diffuse interests of unorganized individuals, bureaucrats mediate narrow, focused interests of organized clienteles. Politicians are passionate, partisan, idealistic, even ideological, bureaucrats are, by contrast, prudent, centrist, practical, pragmatic. This stage was relevant at the end of the last century.
- The fourth stage might be labeled a “pure hybrid”. In this stage leading public officials have occupied a Janus-like role at the top of public agencies, facing simultaneously inward as administrators and outward as political leaders.

We can observe this pattern nowadays as a consequence of current public administration reforms. The new EU member states are in delay compared to this pattern of development. They are between stage II. and III. and the result is the politicization of the public agencies which is contradict to the development of participative democracy (Goetz 2001).

The consequence of politicization is the dangerous impact of ideology in public policy making. Creating a homogeneous ideological background – it could mean socialist, neoliberal or conservative dominance – causes weaknesses in the effectiveness of policy decisions.

CONCLUSIONS

There is no way back to the “ancient Regime”, to the period of traditional bureaucracy.

Instead of that the solution is a continuation of public management reforms coupled with the reforms of public policy making and with the introduction of new special legal measurements.

A functioning Rechtsstaat is a necessity in the course of modernization but you have to add to this development the application and implementation of the quality models of

public services as well. You need a balanced position and public administration needs a stable political background and strong consensus of the political parties in supporting this process.

We can call it a Neo-Weberian Synthesis, in which governmental actions are based on the Rule of Law, in which private enterprises are involved for competing quality in the service delivery, and in which civil society organizations have a full range involvement in public policy making, from decision making to service provision.

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