

BOOK REVIEW*

MICHEL S. DE VRIES-JURAJ NEMEC
35 YEARS OF PUBLIC SECTOR REFORM
IN CENTRAL EUROPE
PALGRAVE MACMILLAN, 2025. 223 p.

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ABSTRACT: The book presents the most important changes in the political, state, institutional systems and public services practices of Central European countries that underwent over 35 years. With retrospective analyses starting from the regime change, it examines how these countries have addressed the legacy of the past to reach modernization goals inspired by Western models. The pathfinding period brought many theoretical and practical challenges. The authors describe vividly the process through several examples. Like Columbus's voyage, these European countries have reached a new and unknown stage in their socio-economic development. This comparative work is an indispensable and valuable contribution to understanding its contemporary characteristics.

KEYWORDS: *Central European Countries, public sector reform, new public management, path dependency*

JEL Classification: *K10*

DOI: 10.62838/cjjc-2024-0084

1. INTRODUCTION

Paul Joyce the editor of the Governance and Public Management series rescues Columbus's journey in the book's introduction, using a fitting analogy. The once brave explorer set out into the unknown, and after a long voyage filled with detours, hardship and suffering, he arrived on an unknown continent America, instead of India.

Something similar, a Columbus-like quest (management) took place in those eleven Central European countries (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) as well, where after the regime change, alongside large-scale reforms, the program for modernising the public sector was also put on the agenda. This was also not only necessary but also inevitable, as appropriate frameworks had to be created for the functioning of the market economy, the establishment of democratic institutional system, the restoration of the rule of law, and the revitalization of civil society.

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At the same time, the question remains relevant to this day: have the ambitious goals been achieved, the transformation of the economy, institutional system, living standards, and not least the thinking and outlook of the people? Where does the 'great journey' stand today, and to what extent is the transparent and lawful functioning of the state organization, and efficient and cost-effective provision of public services, part of everyday life day?

The preliminary answer can already be found in the introductory chapter of the volume. According to the Human Development Index¹, although significant progress has been made in Central European countries regarding GDP per capita, life expectancy and economic sector productivity, the lag compared to developed Western states is substantial across all indicators. The effect of overcoming and surpassing historical disadvantages (catching up) thus remains more of a mobilising slogan² than a reality.

Thus, of course, it does not mean, nor can it mean, exemption from examining what has happened in the state of the region over the past 35 years. The details of the 'journey' are perhaps even more important than the final outcome. This is all the more true because administrative literature also tends to focus on the analyses of individual subsystems, institutions and programs, and few have undertaken a comprehensive comparative study that transcends historical borders, political systems, and social specificities. This large-scale work fills this gap, where the application of empiricism and theory makes it possible to understand the changes in individual countries, institutions, and individuals, to continuously evaluate them, and outline possible future scenarios.

2. THE GREAT JOURNEY INTO THE UNKNOWN FUTURE

In the opening chapter of the volume, the authors pose the question: can the countries of the region be treated as a uniform set that faced identical or nearly similar problems, and do the answers also exhibit common characteristics? From the perspective of the reference Western states, the answer is affirmative. However, within the apparent unity, deeper examination tends to emphasise the differences, national specificities, and the divergent paths and solutions arising from them.

Much like the dilemma of finding the right path for Columbus in days past, the question of the correct course has accompanied the Central European countries over the past decades. They had to make decisions among a series of open questions: should they follow the guidance and expectations of major international organisations (IMF, World Bank) i. e. liberalisation, privatisation, strategic and performance management, outsourcing, devolution, or not? Is the reduction of the state's role, the adaptation of new public management, and the prevalence of market tools and methods the desirable path, it the key to rapid success?

Shortly thereafter, several new challenges arose in connection with EU accession: what would ensure the rapid and successful implementation of accession and enable the benefits of European integration to be exploited? Was it necessary to establish a classic merit-based public administration and implement judicial and legal reforms? (EU, OECD, SIGMA program)

¹ The Human Development Index examines three indicators: the duration of healthy life, the level of education and the level of decent standard of living.

² Buzzword.

After the barely subsiding reform proposals, a period of calm might have brought relief with the paradigm of good governance² becoming fashionable, but the concept's contradicting, broad interpretation has not reduced, but rather further increased the number of dilemmas to be solved.

The chosen path and solutions illustrate how various outcomes can arise from similar starting points, highlighting the state and political leadership's responsibility, while also underscoring the determining role of social, economic, and cultural specificities. One only needs to mention the two extreme examples. While Poland and Hungary emphasise strengthening the role of government and the importance of traditional social values, Estonia has focused on structural transformation, technocratic solutions, and the development of public services.

The recipe of successful public sector reform is quite well-known, based on the accumulated experience of European countries, which although varied, can be brought to a common denominator. Economic stagnation, financial instability, low investment rates, and strong dependence on foreign trade do not provide a favourable context. Similarly, a critical prerequisite is the commitment of political actors and the support and consistent practice of leading public administration professionals. And what cannot be overlooked is the impact and influence of the dominant social and administrative culture.

The lack of societal development, the policy of imitation³ and its practice spanning across areas represent the broader historical, social and socio-cultural background that, as an independent variable, has always indirectly exerted its influence. In the countries of the region, the power distance index is traditionally high, everyday practice is characterised by avoiding uncertainty, accepting the lesser of two evils, and indulgence or leniency. The public sector is permeated by the ideal of the rule of law (*Rechtsstaat*), and the decisive role of legal procedures. The authority of administrative law overrides the requirement for pragmatism and flexibility.

All these peculiarities were not only factually confirmed, when the tools and methods of new public management failed due to the lack of genuine market economy conditions but also much later when the primary reaction to the emergencies created by the international financial and economic crises and subsequently by Covid was almost without exception, the revision of the state's role and the extensive application of legal and normative tools and methods.

3. VARIOUS OUTCOMES CAN ARISE FROM SIMILAR STATING POINTS: ESTONIA VERSUS BULGARIA

The second chapter of the book focuses on two extreme poles, exploring the path of a country that is a model of success and failure, bound by its area boundaries. We get a visual picture of why Estonia was able to put the operation of the public sector on a new path after 1990, while Romania became a laggard, a symbol of less successful modernisation. At the same time, it would be a mistake to believe that change in the Baltic state was achieved

²<https://www.unescap.org/sites/default/files/good-governance.pdf> ; <https://www.ohchr.org/en/good-governance/about-good-governance> (2026. 02. 25.)

³ As Lajos LÓRINCZ put it: Hungarian public administration has never been a role model, it has been characterized by following models. Basic Institution of Public Administration. HVG ORAC Publishing, 2010. 33.

without detours and contradictions, regardless of the intentions of the practical forces holding the reins of government.

The most important component of success – among other important elements – was the renewal of the state organisation, the complete replacement of the administrative apparatus, so that retroactive, restraining power of institutional memory could not prevail. Bulgaria, with its deep roots of corruption, controversial institutional practices, and the excessive polarisation of the public sector are still an obstacles to the consistent implementation of reform today. What can be read from data, time series, and graphics for both countries is that there is no feasible version of the reforms, based on a certain recipe, along a straight-line development, without detours and contradictions; in addition to the intended goals, additional effects and undesirable consequences must also be taken into account⁴.

4. THE FUNCTIONAL ANALYSES OF THE REGIME CHANGE IN CENTRAL EUROPEAN COUNTRIES

The third part of the volume explores this circle of thought, using the classical conceptual apparatus of R. Merton, directing the often neglected but necessary attention to the undesirable effects of transformation and change. A series of examples show how the structural transformation following the regime change (marketization, structural recession, price liberalisation, et.) has made the societies of individual countries fragile (unemployment, decline of living standard, poverty, et.) and how this has led to the evaporation of most of the illusion related to social expectations (Western living standards).

Similarly, the negative effects of the 2008-2009 economic and financial crises were also amplified in the countries of the region, as the emerging, shaping and often changing political⁵ and state institutional system⁶ was less successful in averting the negative effects than the established mechanism of stable democracies. It is no coincidence that the COVID crises unfolding across Europe also left deeper traces⁷ in Central and Eastern European countries.

Another common public policy deficit of the transition period is the unresolved systemic coordination problems. The lack of coherence between sectoral ministries, coupled with often competing and sometimes mutually exclusive demands placed on institutions (merger or autonomy, decentralisation or centralisation), ultimately put one of the most important questions on the agenda again and again: who are the winners and who are the losers of the great transformation?

5. THE STATUS OF LOCAL GOVERNMENTS AS AN INDICATOR OF THE TRANSITION PERIOD

⁴ The value of the conclusion is quite relative. The relationship between politics and professionalism can result in uncertain outcomes, as the short-term interests of politics often override the professionalism.

⁵ The Rasputin analogy, which appears several times in the volume, well illustrates the vulnerability and helplessness of state and political leaders in the face of different ideologies and currents.

⁶ Just as the illusionist Houdini could not actually escape from his chains, the civil service systems of the countries of the region were also unable to completely neutralise political influence.

⁷ Higher mortality rate, less successful prevention, inappropriate use of public funds.

An important indicator of the democratic transition of the past 35 years is the general situation of local governments in the countries of the region, the development of their tasks and powers, and their financial autonomy. Most countries show formal compliance⁸ with the European Charter, which sets the standards. However, there are differences from country to country. Across borders, the aim is to ensure functionality and raise service levels. Integration is the tool for functionality, while service levels rely on diverse implementations. Meanwhile, founding and financial autonomy often lag behind changes in tasks. In Hungary and Poland, centralisation withdrew basic tasks, but also reversed the decentralisation trend.

6. CONCLUSION: THE PICTURE IN THE MIRROR

The general picture discussed earlier becomes nuanced in the fifth chapter of the volume, when the authors present the different practices and financing of primary education, the university sector, health care and communal services by country through case studies. The conclusion is that the ideology of new public management has had a significant influence in all spheres, as the market approach and ideology have appeared even in traditionally state-financed areas such as education, primary health care or higher education. In these cases too, we can speak of mixed systems, which almost everywhere bear the symptoms of childhood diseases (increasing social differences, levelling requirement instead of real performance, the formation of service monopolies, et.) The social preconditions, boundary conditions, relatively high corruption, limited democratic control and relatively low prestige of the rule of law in neither country are conducive to the full implementation of democratic and efficient service practices.

Looking purely at the numbers, setting aside the often changing goals, the sometimes uncertain methods, and foreseen and less intended consequences the Central European and Baltic countries are also winners of the great transformation, as their contribution to the EU budget is far out-weighted by the magnitude of the support received.⁹ At the same time, the practical implementation of the vision for the future has been influenced by a series of determinants, such as lasting impact of historical and social development (the phenomenon of path dependency), the persistence of institutional and cultural patterns, the partiality or absence of democratic procedure and practices, and the rather passive, accepting rather than mobilizing role of civil society.

This is also explaining why the autonomy of decision made at rare, so-called critical junctures¹⁰ is usually limited, carrying with the chance of turning back, stepping back or deviating from the path to be followed.

⁸ Monitoring reports regularly measure compliance with the provisions of the European Charter of Local and Regional Authorities.

⁹https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/2021-2027/spending-and-revenue_en

¹⁰ This can be considered a period of regime change when, due to the coincidence of external and internal circumstances, institutional inertia can be overcome and overridden, and new paths and directions can be outlined.

After countless detours and trials, Columbus reached America, instead of India. The success, if criteria is relative, is verifiable. The state of the region - following the vision of developed western democracies – also after countless attempts, detours and endeavours, have reached a new, unknown

Phase in their country's history. The possibility of further discoveries exists, however, it is still justified to look into the mirror, from time to time, even if the self-portrait is not very favourable, compared to expectations. This is the purpose of the high quality and gap filling work by the two expert authors, which is indispensable for theoretical and practical professionals.

Palgrave Macmillan Publishing fulfils an important mission by the further volumes of the Governance and Public Management series, enabling a deeper acquaintance with and understanding of European public administrative systems.

