

Handbook of Administrative Reform

An International Perspective

Edited by

Jerri Killian

Niklas Eklund

Handbook of Administrative Reform

**An International
Perspective**

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An International Perspective

Edited by

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Dedication

This book is dedicated to Pearl and Robert Gelb for being consummate examples of how to live one's life with love, integrity, generosity, humor, and humility. Thank you AP and UB.

—JK

I dedicate this book to my parents, Marianne and Stig Eklund, for always believing in me and in the empowering forces of love, loyalty, and respect.

—NE

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Preface

Development of this edited volume was initially sparked by our respective interests in the global changes occurring in public administration and the nature and extent of internal and external forces affecting administrative reform. Research shows, however, that the field of public administration currently lacks sufficient resources for understanding the reasons for, implications of, and practices inherent to reforming government administration around the world. This book attempts to help fill this void by bringing together a diverse group of works that describe and examine the sense-making processes and intervention strategies central to administrative reform in nine nations geographically located in North America, Europe, and Latin America. The diverse perspectives and experiences of these nine countries are represented through examination of the rationales for, practices inherent to, and implications of administrative reform through theoretical discussions and country-specific case studies.

There are three primary objectives for this volume. First, this book provides readers with a foundation for understanding the reasons for (e.g., industrialization, urbanization, economic crisis, international economy, changing party systems, diffusion of new ideas and ideologies, creation of transnational and supranational institutions) and consequences of (e.g., changes in ownership of the means of production and delivery of public goods and services, circulation of elites, new technologies, new institutional arrangements, the changing nature of citizen participation) reforming administrative policies and practices. Second, in addition to offering insight to the internal and external influences on administrative reform, this volume exposes readers to a variety of country-specific approaches, methods, tools, and techniques applied to reform or transform public administration. In addition, influences limiting the nature and extent of administrative reform in the selected nations are identified to inform future scholarship and practice. Third, this book offers an opportunity for students, scholars, politicians, and reflective practitioners in public administration and political science to enhance their understanding of current reforms from an international perspective, thereby contributing to the possibility of meaningful forward movement toward increased efficacy in governance around the world. To achieve these objectives, and because we do not presume to

have the prescription for curing public service ailments around the world, the content of this volume is largely descriptive in nature.

This handbook is organized into five related parts. Section I provides a conceptual basis for analyzing the influences for and limitations on administrative reform. Pressures to conform to institutional, international, and supranational preferences and standards promulgated by globalization, the European Union (EU), and the United Nations are identified and explored. The role and nature of organizational culture, as a function of societal norms and with respect to administrative reform, are also addressed in this section. These topics and issues are further examined within the country-specific cases presented in subsequent sections of this book.

Section II provides case studies of reforms occurring in Germany, Ireland, and Sweden. Germany's membership in the EU provides an interesting example of change after the 1989 fall of communism in Europe, as the former West Germany joined the EU as a founding member in 1957 and the former East Germany automatically gained EU membership when it was reunified to form the Federal Republic of Germany in 1990. The Republic of Ireland joined the EU in 1973, and the 1995 enlargement process added Sweden to the roster of EU member states. To the extent these founding and early EU member states have well-established democratic systems and modern economies, their respective experiences with administrative reform have differed substantially from those of the countries addressed in Section III.

The third section examines the nature and extent of administrative reform in the postcommunist countries of Poland and Romania. Reform in Turkey is also explored in this section, with particular attention paid to the rising influence of newly emerging socioeconomic classes in urban centers, the Turkish military, and political Islam. Poland joined the EU in 2004, and Romania's EU membership was recently affirmed in the 2007 enlargement. Case studies analyze the nature of administrative reform in these two transition countries and provide evidence that reforms aimed at establishing professionally competent and politically neutral government administration are made significantly more difficult by the legacies of communism. Finally, questions are raised concerning the true intentions of the EU community with respect to Turkey's EU accession process and the readiness and willingness of Turkey to reform its system of governance so as to more fully comply with democratic standards and norms.

Section IV moves readers from Europe to North America and Latin America through respective examinations of administrative reform in the United States, Canada, and Mexico. More closely related as a function of geography than as a function of their governance systems, the chapters included in this section provide rather disparate discussions of reform in these three nations. The chapter on the United States argues for an enhanced partnership role for nonprofit organizations in governance and thus in future efforts to reform public administration. The next chapter argues that in Canada, successful administrative reform requires coordination and cooperation among key political and administrative actors if such changes

are to produce meaningful and lasting effects. The final chapter in Section IV articulates the challenges that must be adequately addressed before Mexico can move forward with successful and comprehensive reform of its administrative system and with advancing democratic governance in the nation as a whole.

Section V presents the concluding chapter and offers a synthesized summary of the major themes, perspectives, and outcomes of and influences on current efforts to reform public administration as presented in this book. Relying primarily on the multifaceted causes and implications of reform as discussed in preceding chapters, this chapter draws conclusions concerning the future of administrative reform, offers suggestions for future research, and challenges public administrators around the world to join in and continue the noble cause of advancing democracy through accountable, accessible, professional, efficient, transparent, responsive, and effective reforms in public administration.

We express our sincere gratitude to the 15 contributing authors who provided their unique perspectives, expertise, and experiences to enrich the content of this book. With more than eight primary languages and many thousands of miles between us, we could have had an extremely difficult time producing this volume. We were fortunate, however, to engage in this process with contributing authors who were consistently receptive to our requests for information, peer reviews, manuscript revisions, and manuscript submissions. We very much appreciate their good work and timely responses to all our requests during development of this handbook. We are also grateful to Rich O'Hanley and Cathy Giacari at Taylor & Francis for their support and encouragement throughout this process.

Finally, we want to acknowledge the support of others who made this project possible. The late Jack Rabin, former editor of the Public Administration and Public Policy series, supported the initial idea for this volume and encouraged its development. We have deep regret that Jack is no longer with us to see this project come to fruition. We also want to thank the School of Graduate Studies, Research and Sponsored Programs, and University Center for International Education at Wright State University for funding that made this book possible. In addition, we are appreciative of the network opportunities and funding provided by the Regional Educational Network Between the European Union and the United States (Project RENEUUS), in which our respective academic institutions participated and through which we originally met. We extend our deepest appreciation and gratitude to our families, friends, and colleagues who demonstrated patience with us and compassion toward us during times that we were virtually consumed by developing and completing this project. We sincerely thank you all.

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Editors

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Professor Killian earned the bachelor's of science in business administration and the master's of business administration from the University of Phoenix in Colorado Springs, Colorado, and the master's of public administration and the Ph.D. in public administration from the University of Colorado in Denver.

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Dr. Eklund's doctoral dissertation, *Sweden and Poland Entering the EU-Comparative Patterns of Organization and Cognition*, reflects his interest and expertise in both political and administrative reform. Dr. Eklund also authored a chapter on administrative change in the book *Asia Pacific Transitions* (2001) and a number of publications on political change in Sweden and the Baltic Sea area. More recently, he published a research report on EU-Balkan relations (2005), coauthored a chapter in the book *Federalism på Svenska* (2007), and is currently conducting commissioned

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**THEORETICAL AND
INSTITUTIONAL
INFLUENCE ON
ADMINISTRATIVE
REFORM**

I

Chapter 1

Globalization, Europeanization, and Administrative Reform

Niklas Eklund and Malin E. Wimelius

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1 Introduction

The concept of globalization means different things to different people. Yet this concept tends to make available new and interesting possibilities. To talk about things global might mean to provide a simple enumeration of phenomena that span the globe. Globalization, however, also denotes a process—a process that makes for a problematic analysis and discussion of things on the move, such as the opaque but gigantic webs of political, economic, and social interaction, that knit humans

together on an intercontinental scale. Furthermore, the notion of globalization as a process makes it possible to discover and unpack the strategies of different actors, both public and private, and to discuss issues of sustainability. To imbue the concept of globalization with ideological standpoints or to reject it outright because it is too encompassing to make any sense would therefore seem premature. According to one analyst, the word *globalization* does not even appear in any dictionaries before 1961, which indicates that it is related to contemporary thinking and to those unprecedented technological and economic advances intertwined with the later stages of industrialization and the emergence of postindustrial economies in many parts of the world.¹

Therefore, globalization shifts boundaries. In the words of David Held and Anthony McGrew,

Simply put, globalization denotes the expanding scale, growing magnitude, speeding up and deepening impact of interregional flows and patterns of social interaction. It refers to a shift or transformation in the scale of human social organization that links distant communities and expands the reach of power relations across the world's major regions and continents.²

The balances between public and private are in motion at the same time as the relationships between countries are undergoing change. This is not the place to enter into the growing debate between those who are sometimes referred to in the literature as globalists and skeptics, but it should be stressed that some skeptics argue that globalization in itself is an ideological construction that legitimizes a neoliberal global project that, among other things, involves the creation of a global free market. Other skeptics challenge the very notions of eroding state sovereignty, multilayered global governance, and the emergence of a global civil society. They furthermore insist that processes usually described as making up globalization are better understood as internationalization. According to them, the nation-state still rules, and it is intergovernmentalism rather than multilevel governance that can help make sense of contemporary developments in governance.³

Globalization has a dark side in that it may produce new injustices as well as political, social, and economic cleavages within and between groups of people. Conversely, the positive side of globalization offers new opportunities for political, economic, and administrative solutions to common problems around the world. To try to come to terms with the relationship between globalization and public administration, it is tempting to be inspired by the theory of Karl Polanyi, particularly his concept of "reembeddedness," which asserts that political and administrative institutions will always seek new and creative ways in which to embed the transcending forces of economic and technological change.⁴ To the extent such institutions are based on principles of democracy, transparency, and rule of law, it is good

to see governments and international organizations chase after waves of reform to adapt to global change. It is not good, however, to see them simply acquiesce to the global flow of events without sufficient analysis of, preparation for, or commitment to change.

In this chapter, the concept of globalization is first introduced and discussed from a broad theoretical perspective. A look is then taken at the impacts of globalization on administrative reform as illustrated by governments' efforts to adapt to globalization while developing, maintaining, or enhancing their respective administrative capacities. Efforts by the European Union (EU) to fill out the empty space above and between nation-states, indeed to create an administrative space of continental proportions, are also discussed. Finally, the chapter argues that further development toward higher levels of administrative coordination and cooperation in global arenas are dependent not only on the practices of powerful countries and institutions but also, importantly, on the successful spread and adoption of common standards and norms.

2 Capturing Globalization

The concept of globalization implies patterns of convergence and divergence in the world. As such, it inspires different reactions to the process, and a wide variety of practices are involved, many of which are shared. Critical perspectives share the world stage with more optimistic narratives, and the clashes between them sometimes even lead to violence. Most analysts, although not all of them, think that globalization means something completely new in the history of humanity and seem to agree that the concept has come to stay. The academic literature on the topic seems to revolve first and foremost around five core topics that, either by themselves or together as a group, serve as beacons for much of the analysis and debate surrounding the notion of globalization. These topics are deterritorialization, interconnectedness, velocity, intensity, and simultaneity.⁵

First, *deterritorialization* is intertwined with the globalization concept because territoriality connotes boundaries and immobility. Political institutions, such as the nation-state, are per definition territorial and rooted in particular locations where power and jurisdiction are held over citizens and their social and economic interactions. Deterritorialization in globalization thus occurs when citizens or interactions move beyond territorial restrictions, not necessarily by avoiding the jurisdiction of state institutions but also by utilizing some form of technological solution to reduce the significance of physical location. Concerning the physical mobility of citizens, modern airlines have radically reduced the time it takes to leave a given country and fly to far away locales. Financial flows, telecommunications, and the Internet have also rendered the geographical location of an actor less important than it used to be, and global communications of all kinds are made possible through the existence of cyberspace. Although the significance of deterritorialization is mostly attributed

to technological change, the economic and social changes that have become a reality in its wake must also be seen as deterritorializing forces in their own right.

Second, *interconnectedness* has to do with the realization that things happening in a given country have a direct or indirect influence on what is happening in other nations, their societies, and their communities. This aspect is heavily underpinned by research on the development of global economic structures and processes. For example, major stock exchanges always look east, watching the closing figures of economic transactions on other continents as their own day of business begins. Most modern economies are dependent on such psychological patterns of action and reaction among investors, bankers, and shareholders. Furthermore, the media and popular culture are important globalizing factors, holding the key to how masses will react to the images of what goes on in other places and, by extension, the power over phenomena such as mass boycotts and lifestyle choices. Not new to history, but definitely related to the interconnectedness aspect of globalization, are also patterns of power and dominance.

Third, *velocity* relates to how human affairs generally seem to be speeding up. Again, technology supports the development. In the day of the horse and carriage it was possible to travel at speeds up to 15 kilometers, or 9.3 miles, per hour, whereas contemporary cars allow us to travel 10 times faster than that. Going by air, it is possible to travel more than 50 times faster. Financial transactions can be done at the push of a button, in many cases from home. However, a vital part of the discussion about the velocity of globalization has to do with technological and economic disparities in the world. Far from everybody owns a car or has the money for an airline ticket. In fact, most of the world's population have never entered, let alone flown in, an airplane. The majority of the world's inhabitants still live under conditions that keep them far away even from the so-called digital transformation, with access to global TV news only on occasion but never access to the Internet. For those with access to information and modern technology, nevertheless, life opportunities seem to be available at increasing speed.

Fourth, globalization today is by and large a more *intense* phenomenon than ever before. If one accepts the view that the first modern variants of globalization were visible with industrialization and imperialism in the 1800s, it becomes relatively easy to see that globalization in the third millennium is more intense than its forerunners ever were. A number of factors contribute to this. There is, for example, an increasing tendency for politicians and other territorial decision makers to iterate that they take the opportunities and drawbacks of globalization into consideration in their everyday work. Horizontal integration in economic enterprises and financial institutions, such as the World Trade Organization and the World Bank, are forming global arrangements in which governments act as interdependent partners. On an even broader scale, the symbols and opportunities of cosmopolitan lifestyles are transmitted globally, providing ever-growing numbers of citizens across the world with similar symbols of happiness and success—and despair. There is interaction between the production of new iconic actors, looks,

and styles in the global film industry, for example, and via global television, sports teams can become global heroes and icons, finding people rooting for their success in countries where the sport in question does not even have a league of its own.

Fifth, *simultaneity* means that globalization occurs and has effects in a wide variety of different arenas at the same time. Globalization today makes countries interconnected and interdependent in more areas than ever before. Not least the deterritorialization, interconnectedness, and velocity factors discussed above contribute to this effect. Simply put, changes and their respective effects that occur in one part of the world are likely to produce virtually immediate changes and effects in other parts of the world through simultaneity. Even militarily speaking, governments are dependent on networks of trade, specialized knowledge, and production to procure or develop the best and latest military equipment and strategies. Stock market results in, say, Japan, the United Kingdom, or the United States have the potential to send shock waves through investment behaviors around the world. And the globalization of technology not only has affected the way modern developed nations conduct their business but also has contributed significantly to the massive social and economic changes currently under way in India. Thus, as with all aspects of globalization, simultaneity depends on the ability to communicate with and receive information from the surrounding world.

Altogether, the aspects of deterritorialization, interconnectedness, velocity, intensity, and simultaneity enhance globalization as a formidable force of change. As witnessed by mass protests at G8 meetings, however, any attempt at academic abstraction and reduction of causes and effects would seem naive. Globalization as a popular concept has attained worldwide importance over the past two decades and not only in the rich and highly developed Western world. As the boundaries between political, economic, and social institutions in the world are shifting, the effects—positive and negative—can be felt among vast and diverse groups of people. For example, while the issue of HIV/AIDS affects and is addressed by the world community, mass protests against some of the effects of globalization, not least caused by its adverse effects on human health and life prospects, are also enduring phenomena. With the expansion of virtual knowledge and debate, it is unlikely that people will defer solely to national sources for information that will allow them to pass judgment on their life situation and prospects. But the opposite may also be true insofar as the reaction to globalizing tendencies can be both nationalistic and countervailing as people seek comfort in the historic traditions of their respective national identities, values, and norms.

Globalization therefore has the potential to affect all aspects of life—from seemingly benign changes in a given society's culture, such as the acceptance of denim jeans, to the more serious political and economic actions that directly and indirectly affect the lives of citizens. It is within the latter context that the role of globalization in administrative reform is explored.

3 Globalization and Administrative Reform

Administrative reform presupposes public, private, or voluntary institutions whose existence is motivated by work toward common goals and socially motivated problem solving. Since modern statehood was successfully linked with the principle of nationalism in the Wilsonian era (i.e., the 1920s and the aftermath of World War I), the sovereign nation-state has been taken for granted as the chief guarantor of public services. Ever since the works of Joseph Schumpeter on political entrepreneurship in the 1930s, however, the sovereign state as chief administrator has been under attack theoretically, ideologically, and in practice.⁶ Globalization is thus shifting the balances between political, economic, and social powers with uncertain outcomes and putting the territoriality of the nation-state as the ordering principle in world affairs increasingly into question.

The dethroning of the state is inextricably linked with globalization.⁷ With the state under pressure, it is looking for a new role and new ways of doing things, none of which seem to be leading back to the heyday of national bureaucracies. As identified by Jessop, there are three major changes pertaining to the role of the state⁸ and, by extension, to its capacity to assume new administrative tasks. To meet the challenges of economic globalization, first of all, states have become entrenched in macroregional patterns of cooperation and coordination. For example, the North American Free Trade Agreement (NAFTA) and the EU are indicative of how different nations have come together to manage the economic forces of change. Second, government becomes governance, as nations voluntarily enter into partnerships and projects where the leading role is either shared with or assumed by nonstate actors, such as nongovernmental organizations and private banks and enterprises. There is also a growth in semigovernmental organizations as states seek shared forms of ownership in a variety of service markets, such as energy and health care. Third, looking attractive to international investors has become a common goal among states as international policy regimes increasingly serve as guidelines for government policy. In such cases, nation building is substituted for mere positioning in global competition for investment-friendly status and in creating a positive climate for international business.

Consequently, globalization leads to a general search for alternative forms of organization, administration, and financing. It remains unclear, however, which specific effects can be expected from the dethroning of the state.⁹ In the post-cold-war era, however, ideas about “good governance” have become widespread. Good governance is usually defined as including the attributes of being participatory, accountable, transparent, consensus oriented, responsive, effective, efficient, inclusive, and equitable and as following the rule of law.¹⁰ Good governance is also often defined as the strengthening of local government and of legislative and judicial institutions, promoting decentralization and working with civil society organizations.¹¹ Moreover, a central component of good governance is administrative reform. As discussed by Harrison, the World Bank has taken an interest in administrative

reform since the early 1990s and incorporated such reforms in its structural adjustment lending and in its technical assistance loans.¹²

In this respect, globalization has implied the pressure to adopt and adapt to the so-called Washington consensus, as expressed by the International Monetary Fund and the World Bank on national economic management and economic policy. Countries in the developing world have had little choice but to accept the conditions deriving from that consensus to be able to borrow money. Their lack of choice is usually referred to as the “politics of adjustment” but could perhaps also be called the “politics of conditionality.” The success of adjustment and conditionality is undeniable in the sense that there has been what Burnell and Randall described as a “near universal movement” toward neoliberalism and marketization, driven by the International Monetary Fund and World Bank with their focus “on economic policy and national economic management.”¹³ The effects of the Washington consensus in terms of achieving development and eradicating poverty, however, are open to interpretation and generate much heated debate.

The ideas underpinning the Washington consensus have also had implications for the World Bank’s take on administrative reform. The bank has funded a number of administrative reform programs in the developing world. Such programs have typically involved the basic ideas of New Public Management (NPM), that is, results-oriented management, privatization, contracting out, incentivization, and outcomes-oriented planning. The bank has also stressed the importance of capacity building and ownership. The way in which the World Bank has been involved in administrative reform in Africa, for example, has been summarized in the following way: “The World Bank and others work with African states to fashion a state which facilitates market-based economic growth which derives from the liberalization of markets and integration into the world economy. In order to do this effectively, the state’s administrative apparatus—or more specifically a correctly motivated elite cadre within the administration—must become appropriately skilled (capacity building) and motivated (ownership).”¹⁴

Another aspect is what Harrison identified as the politics of postconditionality. Postconditionality is more about carrots than about sticks and about promoting changes rather than about threatening to withdraw funds. Donor intervention continues but is exercised not only through conditionality but through a closer involvement in state institutions.¹⁵ Administrative reform programs are crucial in this respect. In Uganda, for example, soft and hard reforms have been combined. Soft reforms concern personnel and skills and involve training and measures to enhance performance and motivation. Hard reforms concern systems and technology and involve, for instance, new systems of budgetary management.¹⁶

As seen in the discussion about good global governance, there is a clear element of convergence among the ideas and programs that international institutions and other organs currently apply as guidelines in their global activities. It is early yet, too early, to make any definite statements about the real effects of this new line of global thinking. As witnessed by the cases discussed here, mainly in relation to

developmental issues, there are signs that globalization can be seen as the harbinger of public reform based on ideas such as individual citizen's rights, participatory principles, and the general idea that public administration should facilitate interaction in the economic and social spheres of any given country. The developmental status of such a country is vitally important, however, as witnessed by processes in sub-Saharan Africa, which have been "brutal, contradictory, and crisis-driven" meaning that it is important to "recognize that *any* improvements in the efficiency of state action are significant in a generally difficult environment."¹⁷ To traverse on an old saying, how you meet with globalization depends on where you are located in the world. Therefore, it is likely that between-country differences in citizens' quality of life, political and administrative corruption, social violence, and cultural traditions will continue to have great impact on the ability of political, social, economic, and administrative systems to harness the volatile forces of globalization within and among nation-states.

In addition, globalization in the shape and form of good governance also ties in with an increasing number of peace-building operations managed by the United Nations (UN) in postconflict societies. According to former secretary general Kofi Annan, peace building is about "the creation or strengthening of national institutions, monitoring elections, promoting human rights, providing for reintegration and rehabilitation programs, as well as creating conditions for resumed development."¹⁸ Some observers think that international peace-building operations raise questions about what sovereignty really means, because the UN has become such an important actor in helping to manage huge political, administrative, and social transformations in sovereign states. Paris described UN peace building as "an enormous experiment in social engineering—an experiment that involves transplanting Western models of social, political and economic organization into war-shattered states."¹⁹

It is almost a truism to say that different groups of countries are dissimilarly affected by globalization. Nevertheless, it points to an analytically important fact. In advanced countries in Europe, such as Germany and Sweden, for example, it is patently difficult to separate the effects of globalization from those of Europeanization.²⁰ To further complicate this, studies show that there are also differences between policy areas, such as heavy industry and medical care. Whereas policy changes and the related administrative reforms in Germany and Sweden show signs of a heavy international influence on the industrial sector, factors are blurred in other areas.²¹ Similarly, in newcomers to the EU, such as Poland and Romania, the direct influence of globalizing factors and institutions seem less important than the recent process of adaptation to EU standards and norms.²² Generally, in the European setting, the direct effects of globalization and related institutions are hard to distinguish from the influence of informal regional networks and autonomous policy adjustment by the nation-states proper. The discussion in this chapter shall return shortly to this complex interaction of factors.

To briefly summarize the effects of globalization on advanced countries, which for the most part already enjoy functional systems of public administration and

financing, it seems as if the deterritorialization aspect of globalization (i.e., the dethroning of the state) is the major bone of contention. Their dependency on the ability to tax citizens and enterprises to collect the resources needed for the successful implementation of public programs is also their major weakness. In a world of increasingly important transnational flows, one strategy is to redefine the role of government in identifying commonalities across nations and in solving common problems. A two-pronged approach could involve, first of all, political decision makers' allowing more discretionary freedom for public administrators and economic and social actors' developing new, depoliticized forms of social problem solving and implementation. This would have different implications in different countries, depending on which levels of institutional development and citizen awareness have already been achieved. Of course, experiments along these lines have been attempted with varying degrees of success around the world. What we are suggesting, however, is the possibility of institutionalizing an increased role for nonpolitical actors in the processes of public sector problem solving and policy formulation. Second, a complementary strategy would be to increase and strengthen proactive, strategic interaction with other states to identify international commonalities and facilitate adaptation to globalizing forces before crises develop and require immediate response. For example, problems of global pollution would likely be more easily resolved if leaders of concerned nations had addressed the problem when the potential environmental effects of increased industrialization were first suspected, or at least when the known problem was in its infancy.

The deterritorialization aspect of globalization is vital precisely because it forces countries and their governments to compete globally for limited resources and market attention. Coming together with other governments in a pooling of sovereignties might increase the scope of government, but it might also condemn the same governments to never-ending political squabbles. Both strategies, either by themselves or in combination, open up for new forms of problem definition and solution implementation in the wake of globalization. Regardless of which strategy is chosen, however, deterritorialization provides governmental, economic, and social decision makers with the opportunity to rethink problem-solving strategies.²³

Increasingly, however, both national and subnational governments seem to be strategically adapting to supranational institutions. The adaptation process takes on different forms and characteristics on different continents but seems generally to stem from and involve efforts at economic readjustment. Economically driven reform has immediate and direct effects, which is why globalization in the economic sphere is also the strongest argument for globalizing change. Looking at the world today, there is an emergent political and administrative level in the wake of change, which is neither global nor national but at the same time seems strongly linked with globalization. Concerted efforts between groups of states to overcome the adverse effects of global competition lead to the creation of world-regional institutions such as the Association of Southeast Asian Nations (ASEAN), the South American Common Market (MERCOSUR), NAFTA, and the EU. Most of them

are strictly skeletal constructs to facilitate economic cooperation. However, one of them, the EU, has taken several steps further and created what amounts to an administrative space, revamping different forms of cautious international cooperation on economic issues and taking steps toward embedding global economic forces of change in a set of political, legal, and administrative institutions.

4 **Europeanization: Toward Common Administrative Practices?**

Looking specifically at the EU in the early 21st century, it is clear that this encompassing experiment in supranational governance has spawned an entire literature and body of theory of its own. Drawing on the ebb and flow of the development of supranational institutions in Europe over the past 50 years, different approaches to the phenomenon of European integration have evolved. The theme, nevertheless, is common to all and focused around how a group of sovereign nation-states come together, pooling their resources and coordinating their policies to find the right balance between promoting and countervailing the globalizing forces of political, economic, social, and technological change. Europeanization connotes the development toward the use of supranationality in such diverse areas as security, macroeconomics, environmental issues, migration, unemployment, and public health. The basic idea is to have supranational regulations cover administrative areas in which neither cause nor effect can be fully controlled by the nation-state alone. The EU has taken some steps toward eliminating asymmetries between strong and weak European states as well as institutionalizing this interaction beyond the scope of aggression and greed between neighboring countries. It is debatable, however, whether the EU represents a unique form of governance in the world, because of two things. First, there are different theories and concepts competing for the greatest explanatory power with regard to the evolution of the EU. Second, despite the vast literature on European integration and related political topics, the administrative effects of supranationality still remain conceptually incoherent and, as a result, underresearched.

It goes beyond the scope of this chapter to list all the works of relevance in the literature on European integration. Its core themes and concepts are nevertheless readily available and able to help place the EU in a global context.^{24,25} From time to time, it is argued that the evolving debate on European integration has a tendency to represent “new ideas in old bottles.”²⁶ For each new initiative or move forward supranational institutions make, there is a tendency to overemphasize continuity and lose track of the tenuous, sometimes even capricious, political nature of a given project. It is testimony to the EU’s success in establishing itself as a steering and controlling unit in European governance that so much research has been devoted to its development since the 1950s. Nevertheless, there has been a marked change in theoretical focus and research approaches over time.

The 1990s stand out as the period in which the EU became interesting to public administration researchers, particularly with the introduction in 1992 of the Single European Market (SEA) and the Treaty on European Union (TEU). The SEA reform finally established the transnational market in Europe that had been envisaged already by the EU's founding fathers in the 1950s. The TEU brought the encompassing and highly complex set of intergovernmental treaties, supranational law, policy, and different national practices that had evolved up to that time together under one name, the EU.

The reduction of political and economic complexity, however, produced an important change in how the EU was regarded by researchers. Prior to 1992, the EU had been an interesting research object for political scientists because of its intergovernmental nature and high-political relevance in a Europe of nation-states. As a result of the big reforms, through the 1990s, however, the EU came increasingly under the scrutiny of researchers interested in its capacity as a system of public administration in its own right. It could be argued, therefore, that the concept of multilevel governance has its roots in the research in the 1990s on emergent administrative structures in the EU and member countries.²⁷ Over the course of the past 15 years, the idea has been growing that the EU has indeed managed not only to harness the forces of globalization but to become a globalizing force with political, legal, and administrative functions that affect the everyday lives of citizens inside and outside Europe.

Just how Europeanization touches the lives of citizens is a different matter altogether. The relationship between Europeanization and the concept of multilevel governance, for example, is far from clear. Both concepts have been criticized for being representative of old ideas and also for drawing attention away from real issues of political power and patterns of dominance.²⁸ Nevertheless, their increasing popularity among contemporary researchers is indicative of the EU moving beyond intergovernmentalism and knitting European elites and citizens together in an ever more complex web of interaction within, across, and beyond nation-states in Europe. For example, there is now a European *ombudsman*, providing European citizens with a direct link to supranational institutions.²⁹ Local and regional actors have also become more important players in the wake of new power balances between states and markets. In a system of governance, however, national governments are not circumvented or ignored by other actors. Rather, they are key players in a system where perspectives and boundaries are shifting but where there is also no guarantee of symmetrical dividends or redistributions. It would probably be fair to say that Europeanization has moved many regulatory areas into the transnational sphere. Some of it is innovative and new; some of it is not. There are also significant social, economic, political, and administrative differences between the current 27 EU member states, which may prove difficult to overcome even in the long run. Thus, conceptualization battles continue between intergovernmentalist, neofunctionalist, and multilevel-governance interpretations of the EU.

Conceptually, it is possible to argue that the EU in the early 21st century approximates all three models. It all depends on the emphasis: institutions or processes, form or content, compulsion or voluntariness.³⁰ As observed by Philippe Schmitter, “So, for better or worse, the EU is not a federation or a confederation, not even a state, but a *sui generis* system of multilayered and polycentric governance.” He went on to distinguish between the three major properties that can be seen as distinguishing the EU system. Governance is the first, by which he means that actors in the EU system not only are mutually involved in processes of negotiation and deliberation but for the most part arrive at “mutually satisfactory and binding decisions” that result in voluntary cooperation and implementation. Multilayered is the second property, meaning that actors on all different levels of public and private organization are not only interdependent but also engaged in more or less continuous negotiation, deliberation, and implementation together but that they do not “assert a stable hierarchy of political authority.” The third and last property Schmitter attributed to the EU is polycentric, by which he means high degrees of autonomy and delegation when it comes to getting things done in a system where agencies “are not themselves controlled—de jure or de facto—by any single collective institution, thus rendering the concept of Europeanization indistinct.”³¹

On the supranational level, the core institutions of the EU (Commission, Parliament, Council of Ministers, Court of Justice, European Central Bank) are interlocked in complex decision-making procedures. The so-called three-pillar structure refers to the legal basis on which the supranational institutions operate and gives a clue as to how supranational policy making is restricted in Europe.^{32,33} In essence, it means that the EU functions by a combination of national, intergovernmental, and supranational decision making. In a very short and simplified version, supranational decisions are taken in a process beginning with a suggestion from the European Commission, which is then reviewed and voted on by the European Parliament. The European Parliament expresses its opinion and the Commission can then decide whether to move the suggestion forward to the Council of Ministers, which is the real decision-making supranational body of the EU. The council then decides, by either unanimous or qualified majority voting, either with or without the consent of Parliament, to pass the new law or policy. The European Court of Justice then monitors and adjudicates when it comes to how the new rule should be interpreted.

Interaction among member states within the EU, however, is by and large concerned with political and legal matters. For example, for those groups of Europeans who believe in the desirability of stronger supranational influence, much hope was invested in the European Constitution, which, after several years of work, was formally suggested in 2004 by a multinational group of senior politicians and administrators. After the negative outcomes of referenda in France and the Netherlands in 2005, however, it became politically impossible to move forward, and the whole process became stalled. In the summer of 2007, only 18 member governments of the total 27 had ratified the treaty, which, in practice, no longer has any

political life left. The draft European Constitution suggested a number of changes in the established institutional practices of the EU, which proved too advanced and controversial for several national governments and citizenries. Moreover, several countries had deep reservations about changing (and potentially subordinating) long-held and nationally valued institutional traditions to accommodate this significant step toward a common Europe. Importantly, the rejection of the draft European Constitution illustrates the contentious and politically restricted nature of Europeanization.

From the point of view of administrative change, however, the divisions of competencies between supranational and national levels of governance are of more immediate interest. These represent an interesting mix between national and supranational regulation and can be subdivided into three different categories.³⁴ First, there are the competencies exclusive to EU institutions, that is, real supranational competencies. These involve the issue areas of, for example, agriculture, trade, transport, and fishing. In these issue areas, European states have given up their right to deviate from any norm or function stipulated by the EU. Second, there are fields of shared competencies, for example, regional, social, economic, industrial, and environmental policy. In these areas, national governments have agreed to coordinate their laws and practices as far as possible, but they still reserve the right to deviate from common rules. Third and last, there are the competencies exclusive to national governments, such as culture, education, housing, and fiscal policy. Administratively, this means that any and all public administrators in the EU member states are forced to keep parallel legal structures in mind when going about their everyday business. Any implementation process or the launching of a new administrative program in an EU member country must therefore be preceded by much legal monitoring, keeping an eye out for rules on three different levels (supranational, shared, and national), as they may or may not apply to the specific field of reform.³⁵ In some cases, administrators can proceed happily on the basis of their knowledge about the rules and guidelines for administrative action in their own country. In other and an increasing numbers of cases, however, they are also bound by supranational rules and regulations. Politics in the EU aside, the art of implementation has become a much more arduous affair for national and subnational public administrators in Europe, especially because they have to stay well informed about the Europeanization of legal acts and instructions on several different regulatory levels.

The crux of the matter is that the EU has come a long way in establishing common rules and regulations by which member states are expected to abide, but the supranational organization does not have an administration of its own that is directly involved in implementation. Voluntary adaptation on the part of nation-states is still the strongest explanatory factor in administrative reform among the EU member states, and having the administrative capacity to comply with EU laws and regulations is a critical aspect of EU membership. Sensitivity to this fact is demonstrated in case studies from the EU15 countries,³⁶ which show that the

domestic need for change in such disparate areas as transport, telecommunications, and environmental policy has informed decision makers as to how they could best arrive at “mutually satisfactory and binding decisions” within the EU.³⁷ The voluntary and cooperative aspects of Europeanization are therefore crucial to an understanding of the system. The EU is headquartered in Brussels, but the bureaucracy in Brussels is mainly occupied with service to the supranational institutions proper. That is, administrators in Brussels do not interfere directly with the domestic administration of member states. Instead, Europeanization has produced what can be referred to as a European administrative space (EAS), based on a “code of good administrative behaviour” to which the voluntary and normative aspects of policy implementation are crucial.³⁸

In the run-up to the EU enlargement in 2004, the European Commission put pressure on candidate countries in Central and Eastern Europe to develop and improve their administrative capacity. Funding and advisory networks were also provided as the European Commission promoted “cross-sectoral, horizontal reforms—including civil service reform, lifetime training, and coordinated Human Resource Management (HRM)—as important steps toward robust and effective administrations.”³⁹ Such reforms are intended to help steer candidate countries toward the formation of an administrative space, the EAS, in which—despite the unique character of each national administration—similar organizational and behavioral standards guide their activities. Research on the EAS is still in its infancy and at a stage where the major issue is to try to pinpoint and identify the characteristics of this administrative system. However, it provides the key to what Europeanization in the administrative sphere is all about. The main focus is how and to what extent national public administrations in Europe converge from the perspective of structural and behavioral change, thus in practice making administration in Europe less national and more European.⁴⁰ Although there is no unanimous definition, and national public administrations are still organized in “idiosyncratic ways,” Scherpereel summarized six characteristics of the EAS as hitherto identified and discussed by European analysts.⁴¹

The first characteristic of the EAS is that the persons who take up administrative positions tasked with EU-related business increase their social prestige. The implementation of EU regulations and laws is regarded as complex and difficult work in most member countries, which gives public administrators an aura of competency. In most cases, salaries are relatively high and the positions are open to people with either qualified academic degrees or comprehensive practical experience from leadership in public service. By and large, employment in the public sector is socially regarded as prestigious and suggests that the public servant stands above political, social, or economic group interests.

Second, ministries and central governments in most EU member states are increasingly becoming centers for horizontal and vertical coordination in a governance system, as opposed to being funnels between national politics and international affairs. The EU therefore promotes vertical and horizontal networking, as

well as the planning and regulating of fluid network structures between, above, and across states. This fluid vertical and horizontal interaction represents the multilevel governance modeled by EU member states as discussed earlier. Government ministers recognize the need not only to coordinate policy making with their counterparts in other countries because of EU laws and regulations but also to exchange ideas and views in a learning process. The notion of best practices plays a role in this development, as does the increasingly active role of subnational governments in the member states as they seek new economic and administrative opportunities.

Third, in the EAS public administrators increasingly identify with each other as a distinct social group. According to some early research, much importance is attached to “the utility of all civil service ethical codes and principles—including reliability, predictability, accountability, transparency, efficiency, and effectiveness—for building cohesive administrations.”⁴² An important element is the common view that the goals and objectives of public administrators are distinctly different from those of private sector managers and that public administrators share commonalities across national systems in their educational background, general tasks, and formative experiences. Working for the state means upholding constitutional principles, and to the extent such principles are imbued with elements of Europeanization, the distinctive public character of the profession does not go away.

Fourth, civil service in the EAS is based on the prestige built up by individual careers. The types of incentives may vary across countries but nonetheless render a system of recruitment and career development based on individual merit. Training programs and other human resource management activities are widespread mechanisms by which bureaucrats may rekindle the flame in their professional motivation, keep focused on the efficacy of their unit, and, generally, avoid the feeling that they are feeling trapped by being stuck on a particular rung of the career ladder. Moreover, widespread emphasis on employment stability in the civil service of EU member states combines with systemic processes of professional advancement to enhance viewing public administration as a prestigious, long-term career choice rather than simply as a job.

The emerging governance system in the EU also affects the fifth EAS characteristic. Perhaps one of the most concrete aspects of Europeanization is the expansion in formal and informal cross-boundary contacts, involving public administrators on a weekly or monthly basis to address everyday tasks of oversight and planning. In effect, bureaucrats are involved in networks that, beyond contacts with national or local governments in their own countries, regularly involve their administrative counterparts in other countries as well as engage the relevant Commission agencies in Brussels. In this view, the density of transnational networks is gradually being added on by close and regular contacts in the transnational sphere. This also represents one of the finer points of the EAS model, in that it raises the question about whether public administrators within the respective nations of the EU can successfully manage having double, triple, or more identities and preferences guiding their public service in the long run. Also, the relative density of national and

transnational networks is still by and large an open empirical question, because it remains unclear to what extent functional networking actually affects the identities and loyalties of public administrators.

Sixth and last, but far from least, the principle of depoliticization in public administration is established in the EAS insofar as the need for an objective and politically neutral public service is “clearly recognized by politicians, bureaucrats, and citizens alike.”⁴³ As ministerial government remains in many member countries, this does not mean that political steering is forbidden in the EAS. To the contrary, many gray zones and difficult legal spaces remain, some of which are to be resolved in the courts. Too, the lack of sharp teeth among the EU institutions when it comes to actually punishing member states for not complying with the common rules is obvious. The boundaries of political and legal spheres are still opaque, and much variance exists across national systems. However, depoliticization of public service is the EAS norm and as such continues to put pressure on deviant national administrative principles and behavior.

Thus, from the perspective of public administration, the process of Europeanization can be seen as related to the development of common ideals, norms, and behavioral codes among the various nationalities in the EU. By way of empirical research into how public administrators assimilate these norms and actually use them as guidelines in their daily operations, much remains to be done. In formal and institutional terms, public administration in the EU is still primarily a national affair as it is paid for, regulated by, and directly influenced by national governments. In practice, Europeanization still refers to what is essentially a political process on the supranational level in Europe. Because the process is essentially political, revolving around the core issue of how political power should be divided between nation-states and supranational institutions, the three theoretical perspectives of intergovernmentalism, neofunctionalism, and multilevel governance are not only complementary but equally necessary for an understanding of what is going on in the EU. Because the form and function of public administration must complement and implement political action, these theoretical perspectives are equally relevant to administrative reform.

The future of Europeanization is also not as clear as one might at first glance be led to believe. Whereas the EU enlargement in 1995, which expanded the number of member states from 12 to 15, was a relatively smooth affair, the enlargements in 2004 and 2007, which combined brought the number of EU member states to a total of 27, were not. The high-political nature of supranationality in the EU, resting as it does on the good will and voluntary adaptation of sovereign nation-states, once again came to the fore. Not only did the suggestion of a European Constitution fall on the crest of a wave of public skepticism in the EU15 countries about deeper integration in Europe but the signs were also obvious that particularly the newcomers in 2004 had had their fill of good advice on governance from the EU15 countries.

Cognitive studies are beginning to show that the Single Market was a primary mover for politicians and administrators in EU preaccession and accession processes,

rather than a quest for political or cultural change.⁴⁴ Also, after 1993 the force of the Copenhagen Criteria (the rules that define whether a nation is eligible to join the EU) led a number of applicant nations to sacrifice their national needs and aspirations in the spirit of now-or-never. In many cases in Eastern and Central Europe, the real effects of adaptation to the EU can be felt only gradually. Moreover, it is highly uncertain to just what extent the new administrative arrangements, promulgated by the quest for Europeanization, can survive pressure from disaffected groups of citizens and populist political groupings in the new Europe.^{45,46}

Thus, the process of Europeanization has many unique prerequisites and characteristics. It has resulted in a common administrative space, the EAS, which is signified by increasingly dense relations, structures, and practices. Although some of the elements of the EAS, such as the parallel emphases on administrative capacity and good governance, become apparent in times of EU enlargement, much research remains to be done on the workings and effects of the system as states settle into the routines of EU membership. As has been shown, the EAS leads to administrative commonalities and similarities in behavior and outlooks among many public administrators in Europe. However, the system as such is based on a bottom-up principle from the vantage point of supranationality. Because the EU does not have an administration with a set of implementing agencies of its own, the current and future EAS depends on the voluntary activities of public administrators in the member states to comply with the stated preferences of the EU. At the end of the day, a decisive factor in European development will probably be to eventually increase the legality of supranationality. Because EU member states have agreed to abide by supranational law, each move forward into new areas of law-making is likely to gradually push national differences to the side of the legal and institutional mainstream. If successful, the EAS may well evolve to assume a new, more advanced and more influential role in the future of public administration in Europe. As is, it may provide other parts of the world with interesting ideas about how to work with the forces of globalization.⁴⁷

Last, the supranational integration process in the EU is still a high-political game between national actors. For example, in the summer of 2007, the German chairmanship of the EU was rotated over to the Portuguese government. The objective, which carried over in the Council of Ministers, was to revive and push through some of the institutional changes suggested and rejected in a 2004 proposal to establish a European Constitution. The nomination of a High Representative for External Affairs and Security (a supranational foreign minister for the EU), increased qualified majority voting, and the removal of the European flag and hymn from the treaty are among the incumbent reforms. Although highly political in scope and nature, this evolving discussion among European top politicians does not involve administrative efficiency, efficacy, or capacity. Regardless of the outcome of this particular meeting, it is therefore unlikely that the nature of the EAS will change in the foreseeable future.

5 Conclusions

Globalization is shifting the boundaries of political, economic, and social realities in the world. Where there is large-scale change, there is also ideology. Pressures for and stemming from worldwide social, political, economic, and technological change seems promising of a continued struggle between those who believe the process of change is good and those who do not. Beyond the ideological, sometimes very emotional and even violent, aspects of the development, however, are some distinguishing features that make for analysis and discussion of the phenomenon. Concepts such as deterritorialization, interconnectedness, velocity, intensity, and simultaneity allow for more detailed and nuanced analysis and discussion. The various effects that become visible in the wake of globalization, in different nations on different continents, also make such discussion a necessity. As globalization gradually shifts the boundaries of the world as we know it, the future is being made today.

From the perspective of public administration, two tendencies need to be discussed. One is the evolving focus and nature of global international organizations, such as the World Bank and the International Monetary Fund. As these institutions continue to spearhead work to overcome global economic cleavages, it is interesting to note that their focus is shifting. The notion of good governance is growing in importance as the conditions and prerequisites for financial assistance are determined. As highlighted in this chapter, this tendency among international financial institutions is also supported by similar thoughts and programs in the UN. Unfortunately, good ideas alone do not save the world, and much work remains to be done concerning how administrative principles and practices can best be attuned to the specific cultural needs and historical experiences across nations in different stages of political, economic, and social development. Differently put, although global organizations are showing more respect for the different political, economic, administrative, and cultural realities in the world, much still needs to be done with regard to the fine tuning of different programs and reforms to accommodate distinctively different realities among nations.

Another tendency is the one toward dense continental conglomerates of states trying to pull together to countervail the adverse forces of globalization. There is a tendency for such entities to appear right across the globe in the form of organizations such as NAFTA, MERCOSUR, and the EU. The EU, however, represents a deviant case in that it has taken several steps in the direction of supranationality and, thus, toward a practical political and legal deterritorialization of the nation-state. As discussed in this chapter, however, the process of Europeanization mainly has political and legal connotations. In terms of administrative content, such as the development of a specific EAS, the European variant represents an intriguing mix of top-down and bottom-up principles. Administratively, the European system is dependent on the voluntary assimilation of common principles and ideals among the administrators of nation-states. In effect, the basic features of the EAS became visible only in the enlargement process leading up to 2004, which brought in a

number of former Central and Eastern European countries with a recent communist past. The pressure applied by the European Commission to ensure the administrative capacity and good governance of the newcomers also revealed the basic tenets of the EAS. Although it is far from clear whether the EAS can yet be called a supranational administrative system, because it is still lacking, for example, in control functions, the intriguing aspect is that it appears to be working insofar as its influence is gradually making practices and behaviors of public administrators from different European nation-states more similar.

In a global perspective, it is unlikely that the dense networks and voluntarism of European administrators will find their counterparts on other continents in the near future. In the mid- to long term, however, the deterritorializing, interconnecting, and other forces of globalization seem indicative also of an increasing need to develop higher levels of administrative coordination and cooperation. The logic behind such a development seems deceptively simple at first: the more global our problems, the bigger the need for common solutions. What makes the road ahead even more difficult from an administrative perspective is the high probability that struggles with power and politics will likely yet again take center stage and overshadow efforts to focus on commonalities in how problems are defined and how solutions are devised and delivered. However, as witnessed by the recent changes in how global institutions and powerful countries define and apply the concept of good governance, there are openings for more positive approaches in administrative coordination and cooperation. Further development along these lines is dependent not only on the practices of powerful institutions but importantly also on the successful spread and adoption of common standards and norms. Thus, when it comes to both globalization and Europeanization, there remains much work to do.

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Chapter 2

The Political State of Administrative Reform at the United Nations: A Microcosm of Reforms Occurring Globally

Donna M. Schlagheck

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1 Introduction

On June 26, 1945, as the Asia-Pacific theater of World War II was still raging, the Charter of the United Nations (UN) was signed by its 50 founding members. The UN was designed as a multilateral institution comprised of sovereign states to promote international communication, security, peaceful settlement of disputes, sustainable economic development, human rights, and international law. As conceived at the Dumbarton Oaks conference in 1944, the UN was also to be a vehicle for transforming state relations and improving the international system across a number of dimensions, from eliminating poverty, disease, and genocide to enhancing cooperation among states and promoting democracy. Figure 2.1 depicts the basic organization design and the key programs offered by and key agencies affiliated with the UN today. In 2007, the UN membership reached 192 member states. The organization employs more than 37,000 staff and more than 5,000 contractors.¹ It also now faces new challenges and significant pressures for reform.

In the 1990s, two sets of challenges revealed weakness or failure in the UN administrative system: (1) the UN failed to prevent genocide and massive human rights violations in Rwanda (1994) and Srebrenica, Bosnia–Herzegovina (1995), and (2) the UN management system’s lack of oversight allowed the Oil-for-Food corruption scandal and peacekeeper abuse of refugees, and in 2005, 6 of the 53 members of the Human Rights Commission were listed by Freedom House as “ ‘the world’s worst of the worst’ abusers of human rights.”² Good global governance was impaired by a lack of public management practices common around the world: the UN lacked an independent auditing system; its flawed personnel system did not allow the secretary general to fire, hire, or evaluate personnel; and there was no whistle-blower system, no disclosure standards for top officials, no ethical code of conduct for peacekeepers, and no sunset provisions for all General Assembly programs.³

Good governance has become a watchword at the UN, where efficiency and effectiveness now are overtly linked to the organization’s reputation and legitimacy. Three consecutive waves of administrative reform, beginning in the 1970s, have attempted to enhance the capacity of programs that address globalized issues such as environmental problems, weapons proliferation, human rights violations, democratization, and development. The challenge to effectively address these issues has required the UN to link local and global efforts and to include nongovernmental

| Organization Structure | |
|---|----------------------------------|
| <p><u>General Assembly</u> comprised of a plenary committee and six additional standing committees; the main deliberative body; comprised of all Member States</p> <p><u>Economic and Social Council (ECOSOC)</u> comprised of 54 members elected to three-year terms; promotes international economic and social cooperation and development</p> <p><u>Security Council</u> comprised of five permanent members and ten elected members with two-year terms; tasked with maintaining peace and security among nations</p> <p><u>International Court of Justice</u> adjudicates disputes among states</p> <p><u>Secretary General and Secretariat</u> SG appointed to five-year, renewable term; Secretariat comprised of international civil servants charged with all UN administrative responsibilities</p> | |
| UN Development Programme | High Commission on Refugees |
| UN Environmental Programme | High Commission for Human Rights |
| World Food Programme | Refugee Relief World Agency |
| Human Settlements Programme | Fund for Population Activities |
| Key Independent and Specialized Agencies | |
| <p>Food and Agriculture Organization (FAO)</p> <p>United Nations Educational, Scientific and Cultural Organization (UNESCO)</p> <p>International Civil Aviation Organization (ICAO)</p> <p>International Maritime Organization (IMO)</p> <p>World Intellectual Property Organization (WIPO)</p> <p>World Trade Organization (WTO)</p> <p>International Monetary Fund (IMF)</p> <p>World Bank</p> <p>World Health Organization (WHO)</p> <p>Joint United Nations Programme on HIV and AIDS (UNAIDS)</p> <p>International Labour Organization (ILO)</p> <p>Industrial Development Organization (UNIDO)</p> <p>World Meteorological Organization (WMO)</p> <p>United Postal Union (UPU)</p> | |

Figure 2.1 United Nations organization structure, programs, and agencies.

organizations (NGOs), civil society, and the private sector alongside its 192 member states.

This chapter examines the forces driving administrative, programmatic, and structural reform at the UN and identifies member state interests and needs behind the demands for reform. The impacts of UN administrative reform on member states are also examined. Whether designing, funding, or implementing programs to halt genocide, deliver public health assistance, combat terrorism, or stimulate

development and democratization, reform at the UN will affect its 192 member states in many ways, including creating significantly higher standards of accountability and transparency on the part of states participating in UN programs, whether they are aid recipients, peacekeepers, or major donors.

2 The First Wave

A fundamental dialectic, or contradiction, within the Charter of the United Nations drove the first wave of criticism and demand for institutional reforms in the 1970s. UN membership is comprised of sovereign states, yet its charter (1945) and the Universal Declaration of Human Rights (1949) recognize the rights of peoples to national self-determination. American politicians opposed to the UN began to challenge U.S. financial support of an organization comprised of a developing world majority that often sided with the Union of Soviet Socialist Republics (USSR). Two highly charged political and ideological votes in the UN's General Assembly were exploited by anti-UN politicians: (1) the 1971 General Assembly's decision to recognize the People's Republic of China as the legitimate government of the Chinese people, and (2) the 1974 decision to grant the Palestine Liberation Organization (PLO) "observer status" based on recognizing the PLO as the sole legitimate representative of the Palestinian people. Taiwan (a U.S. ally) was removed from its seat on the Security Council and the General Assembly in 1971. Following the 1973–1974 Arab–Israeli War (known as the Ramadan War or the Yom Kippur War), the General Assembly made its support of Palestinian aspirations to statehood abundantly clear, and in 1975 passed a resolution equating Zionism with racism. This resolution would not be repealed until 1991. Taiwan and Israel, both close friends and cold war allies of the United States, were marginalized and often ostracized in the General Assembly. Thus support for "national self-determination" was seen by U.S. critics of the UN as ideological collusion with the "evil empire" of communism.

While the Security Council and General Assembly were wrestling with ideological differences over national self-determination struggles in the politically charged climate of the cold war, the UN Economic and Social Council (ECOSOC) was quietly leading a fundamental transformation of the body, one that also touched on the power to include or exclude various entities in the programs offered by the UN.

The ECOSOC, unlike the General Assembly, has the power, under Article 71 of the UN Charter, to grant "consultative status" to NGOs, which are often acknowledged as the bedrock of civil society. ECOSOC Resolution 1296 (1968) organized the rapidly expanding NGO bodies into three categories: (1) NGOs with multidimensional missions that intersect most or all of the ECOSOC domain of issues and responsibilities; (2) NGOs with highly specialized missions, for example, human rights; and (3) NGOs that have limited interface with ECOSOC agencies and responsibilities. Official consultative status laid the foundation for expanding the

function of NGOs to include the right to petition General Assembly committees, and in 1997 NGOs achieved limited access to the Security Council, due in large part to the central role hundreds of NGOs play in the delivery of UN programs.

The UN Educational, Scientific, and Cultural Organization (UNESCO), the UN International Children's Fund (UNICEF), the World Food Programme (WFP), and the UN High Commission on Refugees (UNHCR) rely heavily on NGOs to deliver humanitarian and relief goods and services. NGO pressure on the World Bank to expand programs explicitly focused on women in development, for example, illustrates that NGOs both consult and advocate, and their steadily expanding partnerships with UN agencies show no signs of diminishing.⁴ Indeed, NGOs focusing on human rights, the environment, sustainable development, and children's rights, to name but a few, continue to expand in number and influence, at least in part due to the programmatic and administrative opportunities offered initially by the ECOSOC. The potential of NGOs to assist the UN, often described as inadequate in both its agencies and its programs, has been embraced by both the UN and the multitude of private organizations that address transnational issues of security, development, and the environment.

3 The Second Wave

Bureaucratic bloat, administrative ineffectiveness, and corruption at the UN became the focus of member demands for administrative reform and accountability in the 1980s. A subsequent and chronic budget crisis at the UN followed, as the United States began to withhold financial contributions to pressure the UN Secretariat to reform its administrative practices. Two leaders, U.S. president Ronald Reagan (1981–1988) and UN secretary general Javier Perez de Cuellar (1982–1991), played key roles in this phase of scrutiny and transformation. Reagan's campaign—on both the domestic and the international fronts—focused on his belief that governance had grown too large, too expensive, too ineffective, and too unaccountable to tolerate. U.S. domestic programs were criticized as “welfare queens driving Cadillacs” while criminals were coddled by a liberal establishment accustomed to “tax and spend” behaviors without regard for program effectiveness. A parallel international target—the UN—came under similar attack. In 1981, Reagan accused the UN of drifting away from its founders' values and becoming paralyzed “by strife, division and conflict.”⁵

UNESCO, headquartered in Paris, was the first specialized agency singled out for action when the Reagan administration withdrew U.S. membership and funding. UNESCO, which had been spending more than half its budget in Paris, was described as having politicized its program activities⁶ while having neglected its mission in developing countries. In 1985, President Reagan pressed further, reducing the American share of the UN operating budget from 25 to 20 percent until broad administrative reforms took place.⁷ Among the reforms demanded were a

15 percent staffing cut, waste reduction, and weighted voting based on member's respective financial contributions.

Secretary General Javier Perez de Cuellar, the UN's first South American secretary general, chose not to challenge U.S. demands for reform. Perez de Cuellar instructed the UN Joint Inspection Unit to share its assessment and audit reports with the U.S. General Accounting Office (GAO). The GAO found such incomplete financial records, waste, and inadequate oversight that it recommended that Congress continue to withhold dues payments pending substantial reform at the UN, including tighter financial controls, external audits, anticorruption training, and creation of a whistle-blower system.⁸

Perez de Cuellar's successors, Boutros Boutros-Ghali (1992–1996) and Kofi Annan (1997–2006), faced continued financial pressure from the United States' withholding of dues. Boutros-Ghali sought a top-down management review and created the position of undersecretary general for administration and management. Its first officeholder was a former attorney general in the Reagan administration, Richard Thornburgh. Thornburgh's tenure produced two intensive studies (the 1992 Thornburgh Report and the 1994 Volcker–Ogata Report) and two major administrative concessions from Secretary General Boutros-Ghali. The UN budget was frozen in 1994, and the Office of Internal Oversight Services was established with a broad mandate to upgrade financial controls, to reduce waste and fraud, and to strengthen ethics in all UN operations. Presidents Bush (1989–1992) and Clinton (1993–2000) maintained financial pressure on the UN until 2001, when dues arrearages were paid in full.⁹

Between 1998 and 2000, Secretary General Annan brought to fruition many of the administrative changes originally demanded by President Reagan. UN staff was reduced by one quarter (more than 1,000 positions), and administrative costs were reduced by one third, due in large part to the efforts of a deputy secretary general charged with implementing the reforms, Canadian Louise Frechette. And although U.S. demands for reform were implemented, a new set of challenges confronted the UN in the aftermath of the cold war. These challenges included peacekeeping operations and development programmatic reform, administrative reform to integrate the private sector and more women into UN operations, and significant pressure to reform and democratize the Security Council. Added to this complex agenda was a major corruption scandal in the Oil-for-Food Programme (OFFP), nation building in Afghanistan and Iraq, tsunami and earthquake disasters, another war in the Middle East, three new members of the “nuclear club,” and the UN's first true foray into strategic planning via the millennium development goals (MDG), a product of the 2005 World Summit.

4 The Third Wave

Consolidating reforms and positioning and equipping the UN to meet numerous new challenges were the core objectives of the 2005 World Summit. The summit produced a specific set of goals that ranged from secretariat and management reform to expanded development and humanitarian relief to the creation of two new operational bodies: the Peacebuilding Commission and the Human Rights Council to replace a discredited Commission on Human Rights. The 60th session of the General Assembly accepted the goals by acclamation, but the forward-looking agenda was overshadowed by the OFFP investigation led by Paul Volcker (former U.S. Federal Reserve Board chairman) as well as by scrutiny by the U.S. House of Representatives International Relations Committee, the U.S. Senate Permanent Subcommittee on Investigations, and the U.S. Central Intelligence Agency's Iraq Survey Group led by Charles Duelfer.

The Iraq Sanctions Committee, created by Security Council Resolution 661 in 1996, was designed to ease human suffering in Iraq due to sanctions imposed after Iraq invaded Kuwait in August 1990. Iraq accepted UN monitoring of its oil production and was permitted to exchange \$2 billion of oil for food and medicines. The amount was raised to \$5 billion in 1997, and in 1999 the UN Security Council agreed to suspend limits altogether. To ensure the program would be self-financing, a 2.2 percent fee was assessed on oil sales. Over the course of the OFFP, which ended in 2003 when the United States led an invasion of Iraq, the UN collected a total of \$1.4 billion. And although several U.S. investigations cited a GAO report that recommended more than 150 auditors for a program of this magnitude, only 2 auditors were assigned to oversee the UN OFFP. The fees also underwrote \$16 billion in reparations to Kuwait and paid more than \$2 billion for weapons inspectors sent by the UN Monitoring, Verification, and Inspection Committee and the subsequent UN Special Commission.

The Duelfer Report concluded, "Saddam's strategy of unhinging UN sanctions against Iraq centered on efforts to influence certain Security Council members such as Russia, France and China. Saddam gave preferential treatment to French and Russian companies hoping for French and Russian support on the Security Council." He gave other influential UN officials "lucrative oil allocations." The Duelfer Report concluded that Saddam Hussein also maintained an allocation list of 270 individuals, government agents, and companies, in more than 50 countries, who received bribes in the form of "oil allocations" that could be sold for cash.¹⁰

The Volcker Report concluded that sanctions had failed completely and that the UN failed to ever "discuss the existence of humanitarian kickbacks or strategies to combat them."¹¹ Secretary General Annan's son Kojo was implicated in the scandal based on \$150,000 in "agency fees" he received in the preferential contracting scheme. OFFP chief Benon Sevan was forced to resign, and Alexander Yakovlev, chairman of the UN Advisory Committee on Administrative and Budgetary Questions, pleaded guilty to wire fraud charges in U.S. federal court after U.S.

investigators had located \$950,000 in “gifts” from OFFP contractors in his account in Antigua. The failure of sanctions and the scope of the corruption that infiltrated the OFFP reflected a continuing and persistent culture of lax management and fiscal oversight, and possibly criminal negligence. Because the records of the Iraq Sanctions Committee have been sealed by vote of the Security Council, it is unlikely that accounting practices, or programs such as OFFP, will receive further scrutiny. It is equally unlikely that the Security Council will repeat its OFFP mistakes because “targeted sanctions,” such as the luxury goods ban on North Korea in 2006, are far less susceptible to massive corruption and require less oversight.

4.1 Security Council Reform

In March 2005, Secretary General Annan published *In Larger Freedom*, a report in which he called for enlargement of the Security Council from 15 to 24 members.¹² The Charter of the UN, Articles 23–27, established a Security Council comprised of five permanent members (P5) with veto power and ten nonpermanent members elected to two-year terms by the General Assembly. This membership structure is widely seen as unrepresentative of the majority of the UN member states. Europe is vastly overrepresented in the P5, while China holds the only Asian seat. Debate has focused on three questions: (1) How can the Security Council be expanded while preserving its ability to act or react swiftly in the face of threats to the peace? (2) Should the veto be preserved, expanded, or terminated? (3) Which member states deserve permanent membership?

In 2005, India, Germany, Japan, and Brazil, called the Group of Four, went public with their goal of permanent membership, with two seats held open for African representation. In 2006, the African caucus rejected the Group of Four plan, China indicated it would reject Japanese membership, the United States withdrew its support of German membership, and Argentina challenged Brazil’s claim to represent Latin America. Security Council reform now languishes on the agenda, but the Security Council continues to enjoy authoritative status, as seen as recently as 2006 when the international community turned to it in the face of war in Lebanon and nuclear testing in the Democratic People’s Republic of Korea (North Korea).

Amending the UN Charter and the UN Security Council is stalled by politics, especially the political ambitions of rising states seeking confirmation of their status. Japan and Germany contribute more financially to the UN than any other permanent member except the United States. Britain and France are unwilling to cede their P5 status. The African Union is unable to select its preferred representatives. Therefore, gridlock prevails, and Security Council reform remains stalled.

4.2 Strategic Planning for the New Millennium

UN Millennium Declaration A/RES/55/Z was passed on September 18, 2000, following a UN-sponsored summit, and is designed to be a “compact among nations” that sets forth eight millennium development goals (MDGs) to be achieved by 2015. The eighth MDG identifies the means for achieving goals one through seven, that is, a global partnership for development, including UN agencies, civil society organizations, the private sector, and member states’ governments. Eighteen specific targets with timelines and performance measures, and 10 global task forces are incorporated in the strategic plan. Score cards and regular monitoring of developing states are also part of the first comprehensive plan ever designed by the UN to grapple with poverty and sustainable development in a globalized context. Figure 2.2 provides a list of the eight goals identified in the MDGs for 2015.

These MDGs reflect a deepening understanding of the interconnected nature of development issues such as the status of women, population, food, human settlements, the environment, and sustainable development. One critical question for any strategic plan is whether sufficient resources will be devoted to realizing the project’s goals. A Millennium Challenge Account has been created, and both the United States and the European Union have pledged to increase aid to less-developed countries (LDCs) by \$5 and \$7 billion, respectively. Grants, rather than loans, will be awarded to LDCs based on the quality of their applications. Awardees must demonstrate that they have programs in place to promote such objectives as reducing corruption, supporting human rights, providing public education, and promoting entrepreneurship or free enterprise. Awardees are expected to participate in a

- Goal 1** Eradicate extreme poverty and hunger; reduce by 50% the number of people who survive on less than \$1 per day and those who are hungry.
- Goal 2** Achieve universal primary education.
- Goal 3** Promote gender equality and empower women.
- Goal 4** Reduce child mortality by two-thirds among children under five years of age.
- Goal 5** Improve maternal health; reduce deaths in childbirth by 75%.
- Goal 6** Combat HIV/AIDS, malaria, and other diseases.
- Goal 7** Ensure environmental susceptibility; reduce by 50% the number of people lacking access to potable water.
- Goal 8** Develop a Global Partnership for Development: address debt relief, expand open trade, good governance, economic development, and poverty reduction.

Figure 2.2 United Nations millennium development goals for 2015.
(Adapted from *United Nations Millennium Development Goals*,
<http://www.un.org/millenniumgoals/>)

collective effort that includes private businesses, NGOs, local authorities, and UN agencies such as the UN Development Programme (UNDP), UNICEF, and the WFP. Awardees are also expected to propose projects tailored to country-specific needs, such as postconflict peace building or the transition from socialist economic practices to a free market system.

Whether this ambitious and comprehensive program succeeds will be the result of many variables outside the control of the UN. It has, nonetheless, developed and promoted the goals and pursued the financial means to achieve them. The question of whether the political will to do so remains, as always, at the discretion of the sovereign states that comprise the UN.

4.3 Structural Reform

In 1998, the UN high commissioner for human rights, Mary Robinson (former president of Ireland), observed, “Today’s human rights violations are the causes of tomorrow’s conflicts.” Secretary General Annan, in his 2005 report *In Larger Freedom*, urged governments “to accept that security and development are interdependent and that neither can be long sustained without respect for human rights and the rule of law.”¹² In addition to the MDGs, Annan oversaw the formation of two new UN organs to promote global security and human rights: the Peacebuilding Commission and a new Human Rights Council. In addition, structural innovation in the UN Criminal Tribunals for the former Yugoslavia and Rwanda led to innovations in subsequent tribunals, such as the “mixed” tribunal on Sierra Leone that would prosecute individuals as well as a head of state. Ultimately, UN leadership recognized the importance of replacing ad hoc war crimes tribunals with an institution, and the UN convened the conference that created the International Criminal Court (ICC) in 1998. By March 2007, just over half of the UN membership has signed and ratified the Treaty of Rome, which established the ICC in 1999. However, many member states express concern over diminished state sovereignty, which they perceive as the price of membership in the ICC.

The most innovative reform led by Secretary General Annan was establishing the Peacebuilding Commission to assist countries in the complex process of recovery from conflict. Annan, who prior to his appointment as secretary general in 1997 had served as undersecretary general for peacekeeping operations, had overseen failed peacekeeping missions in Bosnia–Herzegovina (1992–1994), Rwanda (1994), and Somalia (1991–1993). In 2000, Annan commissioned the Brahimi Report to study the planning and management of peacekeeping operations. The report recommended far more robust capacity for peacekeeping, and the General Assembly has approved funding for rapid deployment units with strategic deployment stocks at their disposal. In 2004, the High Level Panel that first suggested a Peacebuilding Commission (PBC) to coordinate postconflict international aid also recommended an expanded role for the secretary general in mediation and conflict

prevention. The PBC is designed to include representation from a total of 31 member states: 7 members of the Security Council, 7 regional representatives elected from the ECOSOC, 5 leading financial contributors to UN programs and funds, 5 top providers of military personnel and civilian police to UN missions, and 7 members elected by the General Assembly with recommendations that states with firsthand experience in postconflict operations be given priority consideration. The composition of the PBC suggests that, for the first time, the UN's senior administrators recognize the need to end the ill-coordinated, rivalry-plagued interagency politics that undermined peacekeeping efforts in the past and often left states where conflict had ended without any assistance to rebuild.

As horrendous as failure in the Balkans, Rwanda, and Somalia had been in the 1990s, the UN Commission on Human Rights (CHR) had become both a disgrace and an embarrassment to the organization. In its spring 2005 session, notable violators of human rights such as Zimbabwe, China, Sudan, Saudi Arabia, and Nepal all sat on the CHR. These members had used their appointments to the commission to block scrutiny of their states' practices that violated human rights, including genocide in the Darfur region of Sudan. At the 2005 World Summit, a proposal to abolish the CHR and replace it with the Human Rights Council (HRC) was endorsed, and the next year the General Assembly moved to create the HRC whose 47 elected members were explicitly charged to uphold the highest standards embodied in the Universal Declaration of Human Rights. Administratively, the change to use of secret ballots to elect the council's members should bar the grossest violators of human rights from the HRC. In addition, HRC members must submit to scrutiny of their human rights record and are subject to removal by a two-thirds vote of the council. This structural and procedural reform addresses the threat to the legitimacy of the HRC if violators of human rights seek election to it. This change also, albeit with great subtlety, addresses the tension between state sovereignty and universal human rights, both embraced by the UN.

The 60th General Assembly solicited advice from its Fifth Committee (Administrative and Budgetary) on the budgetary implications of these administrative reforms. A draft budget for the 2006–2007 biennial cycle, totaling approximately \$3.61 billion, was amended upward to \$3.79 billion to accommodate the resources required to staff and equip the PBC because staff costs constitute approximately \$2 billion of the budget, including 9,538 posts planned for 2006–2007.¹³ It is critical that the PBC budget is estimated as accurately as possible, because peacekeeping missions are operated on a separate budget and require a priori funding commitments prior to their dispatch. However, UN peacekeeping missions, now numbering 16, have realized significant cost increases due to complex operations in Haiti, the Ivory Coast, Sudan, and the Democratic Republic of the Congo.

4.4 *Integrating and Coordinating the UN System for Sustainable Development*

Tremendous duplication exists between General Assembly programs and ECOSOC activities focused on sustainable development throughout the world. Even though the position of director general for development and institutional economic cooperation was established in 1978, a significant lack of coordination among relevant groups and individuals continued. The Commission on Global Governance in the mid-1990s recommended the creation of an Economic Security Council to correct the organizational gaps in formulating and executing global economic policy. Both the private sector and multilateral agencies were to be included in this council. However, despite these preliminary steps to lay the foundation for coordinated and integrated efforts toward sustainable development, no action was taken by the General Assembly until 2002.

A forum of 28 organizations was created in 2002 to coordinate plans and actions to fight poverty as a paramount MDG. The World Trade Organization (WTO), World Health Organization (WHO), WFP, Food and Agricultural Organization (FAO), World Bank, International Monetary Fund, UN Development Programme, and International Atomic Energy Agency now operate under the auspices of a permanent coordinating committee comprised of the heads of these agencies. Nonetheless, the capacity of the UN to coordinate and integrate global efforts toward sustainable development remains, arguably, its greatest administrative challenge to date.

4.5 *Integrating the Private Sector and Civil Society into UN Operations*

Following the 2005 World Summit and articulation of the MDGs, the ECOSOC became the focus of administrative efforts at the UN to engage the private sector and civil society alongside world financial institutions to fight poverty. Examples of private sector–NGO collaboration, with UN programs serving as the bridge between them, include the Brazilian Stock Exchange–NGO project to build social capital in Brazil and partnerships between South African investment banks and NGOs to provide access to small entrepreneurs, especially women, in that country.¹⁴ And between 2000 and 2006, three wealthy American businessmen, Ted Turner, Bill Gates, and Warren Buffett, committed billions of dollars to assist UN programs that focus on child and maternal health and that are delivered primarily by NGOs such as CARE, International Save the Children, and the Positive Women’s Network (PWN) for HIV-positive African women and mothers. In addition, the UN assumed a leadership role in persuading pharmaceutical corporations to make low-cost generic HIV/AIDS antiretroviral medication available to NGOs for

distribution, and the UN played a central role in coordinating corporate and NGO relief to tsunami and earthquake victims in South Asia in 2005.

Taken together, these examples reflect a decline in the ideological conflict between multinational corporations and NGOs in the face of humanitarian crises around the world. Supporting this position, George Kell, executive head of the UN Global Compact Office, observed, “Only a few years ago, the anti-globalization movement ideologized the whole debate. The relationship between business and NGOs used to be much more confrontational.”¹⁵

The primary areas in which the UN plans to continue to expand its bridge-building efforts concern the issues of climate change and human rights. Secretary General Annan, when proposing the Global Compact in 1999, asked multinational and domestic businesses to join it and pursue 10 principles of action:¹⁶

1. Respect human rights in their business and market.
2. Reject participation in human rights abuses.
3. Uphold the right to collective bargaining.
4. Eliminate all forms of compulsory labor.
5. Abolish child labor.
6. Eliminate employment discrimination.
7. Face environmental challenges with caution.
8. Promote environmental responsibility.
9. Develop environmentally friendly technologies.
10. Combat corruption.

Annan directed the UNDP and World Bank to convene a forum (Money Matters Institute) in which corporations, NGOs, and developing state leaders could explore collaborative projects to raise private capital for economic development. Special attention was paid to the role of small and medium-sized businesses. By 2004, Secretary General Annan had committed six UN agencies and offices to the compact’s projects, including the UNDP, UN Environmental Programme, International Labour Organization (ILO), UN Office on Drugs and Crime, and UN Industrial Development Organization. More than 900 companies joined the compact by 2006, one third of which are small or medium-sized enterprises. Secretary General Annan and UN staff, labor, and civil society leaders met with more than 400 of the businesses in 2004 to explore an expanded agenda for the compact, which may include revenue sharing to expand entrepreneurship in least-developed countries. Ironically, the 2004 meeting, which Annan proudly described as a driver of international corporate citizenship and good practice, concluded almost simultaneously with the beginning of the UN’s disastrous foray into the OFFP.

4.6 Collaborating with Global Civil Society: Another Administrative Innovation

By working with NGOs, the UN has established a practice it calls “subsidiarity,” that is, working with grassroots organizations that are both effective and efficient at the local level. Cost and burden sharing, as well as sensitivity to local cultural norms, are inherent benefits of this practice. Two critical issue areas have been at the forefront of this collaboration: human rights and, more specifically, women’s rights.

Amnesty International (AI) and Human Rights Watch (HRW) stand out as the most visible and effective NGOs in the human rights field. Both are acknowledged to exercise tremendous influence over UN agenda setting in this issue area. These private organizations are now welcomed and well integrated into the UN agencies dealing with a broad spectrum of human rights issues. Before it was replaced, the UN Commission on Human Rights regularly investigated rights violations brought to light by AI or HRW. Today, the ILO, FAO, WHO, UNICEF, UNESCO, and the Joint United Nations Programme on HIV and AIDS, among others, treat NGO participation—from policy formation to global monitoring—as standard operating practice. Privately funded and enjoying a grassroots organization rich in volunteer labor, the human rights NGO bloc not only has enabled the UN to address human rights but also is transforming the intergovernmental UN into a transnational body that increasingly incorporates nonstate actors into its operations.

Amnesty International’s “Stop Violence Against Women” campaign exemplifies how NGOs partner with UN programs to address a cluster of related human rights problems such as sexual slavery, human trafficking, and HIV/AIDS. Partnering with the ILO and the UN Programme Against Trafficking in Human Beings, states where victims of sexual slavery are bought or sold must now face media scrutiny, which is often triggered by AI investigations.

Women’s rights have been part of the UN since its charter was drafted in 1945, and the Universal Declaration of Human Rights (1949) further emphasized gender equality as a fundamental right. After many conferences (e.g., the 1975 First World Conference on Women, 1980 Second World Conference, 1985 Third World Conference, and 1998 Fourth World Conference), treaties (e.g., the ILO Convention on Equal Pay for Equal Work, 1951, and the Convention on the Elimination of All Forms of Discrimination Against Women, 1979), and the establishment of multiple agencies to promote gender equality (e.g., Commission on the Status of Women, 1946, and the UN Development Fund for Women, 1984), the UN adopted a new course of action that emphasized both leadership by administrative example and closer collaboration with NGOs that work in programs assisting women in health care, education, and development.

In 1987, Secretary General Perez de Cuellar appointed the first woman, Nafis Sadik, to head the UN Fund for Population Activities. In 1990, he set targeted goals for hiring women, aiming for a 25 percent target in senior posts. In 1992,

Secretary General Boutros-Ghali appointed the first woman, Margaret Anstee, to lead a peacekeeping operation, and in 1995 the General Assembly elected the first woman, Rosalyn Higgins, to sit on the International Court of Justice. Secretary General Annan named Louise Frechette as the first female deputy secretary general, and when he created the Office of the Ombudsman, Annan named M. Patricia Durrant to lead it. Annan sought expanded funding for the International Training Institute for the Advancement of Women (INSTRAW), and has been praised by women's rights NGOs for his commitment to mainstreaming a gender perspective in all UN activities. Administratively, Annan chose to consolidate UN programs relating to women under the new UN Division for the Advancement of Women, which is charged to coordinate efforts with NGOs. NGOs have participated heavily in each World Conference on Women and have been central to sustained efforts to keep the empowerment of women prominent on the UN agenda. As a consequence, NGOs now shoulder most of the responsibility to monitor women's human rights at the national level, where states often fail to comply with international norms. NGOs can independently focus attention on this issue, while the UN shares women's rights-related information reported by NGOs¹⁷ via Women Watch (www.un.org/womenwatch).

5 Conclusion: Status Quo

In July 2006, the General Assembly, continuing its historic pattern of states asserting their sovereign national interests and failing to agree on administrative reforms that might diminish that sovereignty, rejected an administrative reform package that would have strengthened the office of the secretary general in matters regarding management and personnel issues linked directly to line item control of the UN budget and expenditures. The lesser-developed countries led by Egypt, Pakistan, South Africa, and Cuba¹⁸ insisted that the UN General Assembly retain such prerogatives. As a consequence, the UN operates under a 1945 charter structure inadequate to the demands of the 21st century. A proposed UN Administrative Academy is being explored, but to train only peacekeepers, not administrators. A new whistle-blower system is being instituted, and a new secretary general has been selected to replace Annan, but organizational reform remains incomplete despite Annan's desire "to hand on to my successor an Organization better equipped to meet the challenges of the twenty-first century, and to serve the peoples in whose name it was founded."¹⁹

Annan successfully led the creation of two new apparatuses, the Peacebuilding Commission and the Human Rights Commission. His administration also adopted many new (but long overdue) oversight mechanisms, ranging from audits to whistle-blowers. Ban Ki-Moon, the new secretary general, will face many of the same administrative reform issues that continue to undermine the UN's programmatic

effectiveness, efficiency, and legitimacy. Indeed, Moon acknowledged the political and administrative shortcomings of the organization when he stated,

It is true that the UN has not lived up to the expectations of the international community in terms of efficiency, transparency and accountability. I will do my best to make the UN Secretariat reborn into a more relevant and efficient organization.²⁰

Despite the good intentions of the new secretary general and absent a compelling new agenda that includes significant administrative overhaul, bureaucratic and organizational inertia will surely sustain the continuing administrative practices that serve the UN so inadequately.

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Chapter 3

The Missing Link in Administrative Reform: Considering Culture

Jerri Killian

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1 Introduction

Government organizations around the world are faced with mounting public demands for increased administrative effectiveness, responsiveness, transparency, and access. The realities of the need to administer solutions for increasingly complex social problems, with constrained resources, while facing serious declines in public trust and confidence in government are but a few examples of the external influences that create and sustain unstable organizational environments within the public sector. Within an international context, the influences of globalization are apparent as common notions of “good governance” transcend national boundaries. International and supranational institutions and civil society organizations alternatively impose regulations and guidelines to promote, among other things, improving public administration. Although private and nonprofit organizations must also cope with external pressures, the monopolistic nature of government organizations commands an even greater ability to adapt to these environmental demands. Time and place also play significant roles in influencing the structures, roles, and practices of governance institutions and the people who interact with them. Time is relevant because of the historical dependence of institutionalized rules and behavioral norms to promote consistency. Place is relevant because of the perceived appropriateness of action based on geographic determinism¹ rooted in shared beliefs, values, and cultural norms.²

Around the globe, the typical public organization is deeply entrenched in the classical Weberian-type bureaucratic model. With emphasis on control and compliance, the traditional public organization is a deterministic system seeking equilibrium and stability in which disorder and uncertainty are viewed as dysfunctional. Therefore, transformation of the structures, processes, and cultures within public bureaucracies is not likely to occur via self-organizing processes. To realize fundamental reform of today’s public organizations thus requires an organic process that fits with adaptive systems. In recent years, several models of administrative reform have gained significant momentum in theory and in practice. Through use of these models, advocates offer and practitioners implement various prescriptions for structural and procedural changes to effect positive change toward more effective and efficient means for governance. The issue of changing organizational culture to effect *authentic* administrative reform, however, is largely ignored in the relevant literature. Within the context of this analysis, authentic administrative reform refers to alignment between the strategies and activities that produce positive change in the beliefs, values, and behavioral norms of organization members in concert with changes in organization structures, policies, and procedures designed to improve public administration.

This chapter presents and explains a conceptual model for understanding the relationship between organizational culture and administrative reform. This model is intended to serve as a starting point for understanding that organizational culture is a critical element to be considered when seeking authentic reform of public sector organizations. To accomplish these objectives, the chapter presents respective operational definitions of culture and organizational culture and introduces their relevance to administrative reform. A conceptual framework for understanding the significance of organizational culture in relation to administrative reform is then presented and discussed. Explicated through syntheses of relevant literature, this conceptual frame aligns models of organizational culture with corresponding models of administrative reform, theories of organization, and approaches to organizational change. Examples are provided to illustrate the analytic usefulness of this conceptual frame. Finally, conclusions are drawn concerning the need for considering organizational culture when seeking authentic administrative reform, and suggestions for future research are offered.

2 Toward Defining Culture

In its broadest sense, *culture* may be defined as “the unorganized and largely implicit values and norms represented in the behaviour [*sic*] of a community or nation.”³ In other words, a culture is made up of the shared beliefs, values, and behavioral norms of a given society. The scope of beliefs and values comprising a given culture is virtually all-inclusive—from effecting important social and political concerns to determining what is beautiful and what is not. Culture is therefore a much broader concept than is ideology, which refers to a coordinated set of beliefs about specific aspects of social organization.⁴ The concept of culture is also much broader than that of strategic framing, through which behavior may be evaluated and alternative modes of action may be identified.⁵ Understanding a given culture depends on one’s ability to understand the manifestations of collective tastes and preferences within it. And because tastes and preferences cannot be directly observed, considering culture as a causal factor in administrative reform has had reduced appeal in the empirical tradition of social science research.⁶ Indeed, when culture is addressed in scholarship dealing with administrative reform, it is typically treated as context rather than cause. With regard to reforming public administration, this chapter aims to provide a model through which culture may be viewed as both context and cause.

Just as social culture reflects the essence of a given society, organizational culture reflects the essence of a given organization. The culture is based on an inherent set of “values, beliefs, assumptions, perceptions, behavioral norms, artifacts, and patters of behavior” that determine what is and is not deemed acceptable within the confines of the organization.⁷ New organization members are exposed to the accepted norms and thus become socialized into the cultural fabric of the

organization. Noted scholar Edgar H. Schein defined organizational culture as “a pattern of basic assumptions—invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration—that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”⁸ Organization culture may thus be viewed as a normative adhesive that joins an organization together⁹ and expresses the ideals and beliefs shared by organization members.¹⁰ Shared patterns of belief are symbolically manifested in organizational myths,¹¹ rituals,¹² stories,¹³ and language.¹⁴

Although critics assert that culture is a “deeply ambiguous”¹⁵ or “mushy”¹⁶ concept, there is general agreement in extant literature concerning the key characteristics of all organizational cultures. First, to the extent cultures are produced as a result of individual interactions, they are collective. Second, organizational cultures are emotionally charged because of the human need to cling to established beliefs and practices. Third, because cultures are developed through human interaction in coping with organizational uncertainties over time, cultures are historically based. Fourth, as a result of their reliance on rituals, artifacts, and expressions that frequently represent other things and messages, cultures are inherently symbolic. Fifth, although cultures create a sense of continuity within organizations, they are dynamic. And finally, to the extent they contain inherent contradictions, paradoxes, and inconsistencies, organizational cultures are not monolithic.¹⁷ Organizational culture is therefore a powerful, meaningful, and socially constructed control mechanism that can both mobilize and inhibit employee behavior. Indeed, culture sets the boundaries for and direction of behavior within the organization and determines the extent to which organizational change will be accepted.¹⁸

3 Organizational Culture and Administrative Reform

A typology of organizational culture derived from empirical research provides the foundation for the conceptual frame applied in this analysis. In addition to identifying five types of organizational culture—Hierarchy, Clan, Market, Adhocracy, and Self-Organizing—the model shown in Figure 3.1 identifies the dominant organizational emphasis associated with each respective culture as discussed in this chapter. Because culture determines the direction of practices, attitudes, and behaviors within the organization, each of the five cultural types, the first four of which are adapted from an existing model of organizational culture,¹⁹ are aligned with an internal or an external organizational focus and with a corresponding model of administrative reform.

The primary objective of popular models of reform is to achieve a balance among the competing values of flexibility and stability and of autonomy and

| <u>Organizational Culture</u> | <u>Hierarchy</u> | <u>Clan</u> | <u>Market</u> | <u>Adhocracy</u> | <u>Self-Organizing</u> |
|-----------------------------------|--|---|---|--|--|
| Reform Strategy | Traditional bureaucracy | Participative management | New public management | Citizen governance | Communitarianism |
| Relevant Theoretical Frame | Classical theories | Cognitive theories | Contingency theories | Symbolic theories | Transformational theories |
| Approach to Change | Rational model | Pragmatic model | Process model | Continuous learning model | Chaos model |
| Organizational Environment | Centralized | Decentralized | Market-driven/adaptive | Open system/entrepreneurial | Diverse/Non-linear complexity |
| Focus | Internal | Internal | External | External | Internal and external |
| Organizational Emphasis | Predictability | Organizational humanism | Control of external competition | Accommodation of pluralism | Non-traditional arrangements and mechanisms |
| Characteristics/Goals | Risk avoidance Stability Efficiency Control | Teamwork Cooperation Flexibility Empowerment | Pluralism Incrementalism Innovation Efficacy | Participation Creativity Discourse Responsiveness | Flexibility Cooperation Individuality Competition |

Figure 3.1 A continuum of organizational culture and administrative reform.

control in the delivery of public goods and services.¹⁹ Advocates of current prescriptions for reform tend to view traditional public organizations as self-maximizing, monopolistic, inefficient bureaucracies that respond ineffectively to dynamic and often conflicting political demands. Formal rules, procedures, and structured hierarchical authority are viewed as constraining the creative and innovative possibilities of public institutions. Supporters of administrative reform seek to overcome these deficiencies and promote democracy and efficacy in the means through which administrative public institutions conduct their business.

Current prescriptions for reform, however, are extensively informed by best practice research that tends to focus on manipulating formal structures and procedures while largely ignoring the importance of transforming organizational culture to effect authentic long-term change in how the organization functions. This results in the lack of an alternative ethos in the public service that may impede long-term organizational capacity to achieve authentic change. Current prescriptions for public sector reform ask politicians and public managers, to varying degrees and through various means, to share authority with certain others willing and able to accept this responsibility. This implies that authentic administrative reform requires a mutually supportive and complementary relationship between the culturally accepted values and beliefs that inform organizational behavior and the strategies and actions employed to effect administrative change within the organization.²⁰ In addition, to the extent one's worldview is a product of one's culture, and culture is dependent on both place and time, it is logical to assume that organizational culture affects efforts to reform public administration differently in different locations and at different times. The relevant question then becomes, to what extent does alignment exist between the cultures of and the change strategies employed in given organizations so as to produce authentic administrative reform? Determining appropriate responses to this question requires detailed analysis of the various frameworks that comprise participative, citizen-centered, market-based, and nonlinear models of administrative reform.

3.1 *The Hierarchy Culture and Traditional Bureaucracy*

The Hierarchy culture reflects the traditional bureaucratic model with its mechanisms for control employed through formal hierarchical arrangements, rules, and procedures. Placing value on efficiency and control and avoiding risks, the Hierarchy culture seeks to ensure stability through predictability. Advocates of this cultural model believe that efficient government can be best realized through reduction of uncertainty achieved through an internal organizational focus that reflects traditional bureaucratic structures and processes and rule-bound rigidity.²¹ Moreover, it is movement away from this traditional Weberian-type model and its hierarchical culture that defines administrative reform in all its variations. Indeed, progression along the continuum becomes increasingly complex and nonlinear as organization

cultures and their aligned reform strategies move farther from the norms and characteristics of the traditional Hierarchy culture and its bureaucratic form. Thus, in borrowing a cleverly coined phrase, the opposite ends of the integrated model shown in Figure 3.1 may be perceived as “structures with attitudes.”²²

3.2 *The Clan Culture and Participative Management*

Friendly and supportive work environments typify organizations with the cultural orientation of the Clan model. Organizational members are actively involved in decision making, and significant cooperation between labor and management is the norm. Teamwork, employee empowerment, and positive employee morale are highly valued.²³ With a focus on the internal environment that seeks flexibility and acknowledges the importance of individuality, the Clan culture reflects a humanistic managerial approach.

Participative management emphasizes decentralized structures and authority. In a societal context, decentralization refers to moving from a central bureaucratic decision-making center to subnational systems of governance. In this era of globalization, decentralization may also refer to the upward delegation of authority from the nation to transnational or supranational institutions such as the United Nations or the European Union. Within an organizational context, participative management emphasizes involving members at all organizational levels to contribute to improving performance through increased motivation and empowerment. Through decentralized authority among actors in decentralized organizations, the focus of participative management is to promote labor-management cooperation and teamwork in determining organizational policies and the means for best implementing given policy decisions.²⁴ In contrast to the impersonal cultural attributes associated with traditional hierarchy, participative management seeks to administer the provision of public services while simultaneously serving human needs and values. As such, participative management emphasizes process over structure.

One of the participative strategies most frequently employed is that of total quality management (TQM). First articulated by W. Edwards Deming,²⁵ this approach emphasizes team-oriented data collection and analysis as a basis for improved decision making. By empowering employees to contribute ideas, TQM seeks to integrate the individual into the organization. Like all participative management strategies, TQM requires an organizational culture that is supportive, cooperative, and flexible. Critics, however, have argued that TQM has achieved limited success in the public sector.²⁶ Traditional TQM emphasizes the delivery of products, caters to well-defined consumers, analyzes processes, and relies on an organizational culture focused on quality. In contrast, public sector organizations typically emphasize the delivery of services, serve a pluralistic citizenry, analyze inputs, and rely on organizational cultures focused on stability.²⁷ Moreover, public organizations typically operate in a reactive rather than a proactive fashion and are better designed to

handle employee complaints than to involve employees in designing organizational policies or programs. The challenge of participative management is, therefore, to rely on an organizational culture that empowers employees to help determine the nature and extent of organizational reform, reinforces a collective ethos within the workforce, and creates an environment of cooperation rather than competition within public service.²⁸

3.3 *The Market Culture and New Public Management*

The primary objective of the Market culture is to control external competition while achieving measurable goals through innovative means. Advocates of Market culture ideology believe that market-based incentives coupled with performance measures will improve the efficacy of administrative governance.²⁹ And although the external focus emphasizes efficacy in healthy competition, incrementalism is the typically preferred managerial approach in this cultural environment so as to ensure some measure of organizational stability and control.³⁰

The reform strategy commonly referred to as New Public Management (NPM) is grounded in theories of rational choice,³¹ public choice,³² and principal-agent theory³³ and applies market mechanisms to improve productivity and efficiency in the delivery of public goods and services. Advocates of NPM highlight the inefficient, rigid, and unresponsive nature of public organizations due to the Weberian characteristics of hierarchical structure, division of labor, and reliance on formal rules and regulations that typify them. To the extent NPM seeks to break down existing bureaucratic structures and empower both citizens and employees in decision-making processes, this reform model incorporates the essential elements of participative management and seeks ultimately to serve in the development of a democratic polity.

Although NPM has no singular approach, it is generally comprised of a combination of market-based strategies and techniques that link the political context of public bureaucracies to institutional arrangements that promote democratic participation, bureaucratic representation, and a balance of the trade-offs between competing preferences and organizational efficiency.³⁴ Common market-based strategies employed in NPM include contracts, financial and material incentives, and tax expenditures as instruments of public intervention to produce and distribute public services. Competition between government agencies and between public, private, and nonprofit organizations provides the basis for improving efficiency, performance, cost-effectiveness, and customer satisfaction in the delivery of public goods and services.³⁵

With dual emphasis on accommodating pluralism and controlling external competition, NPM relies on the fundamental principles of neoclassical economics³⁶ and reflects the market-driven, customer-oriented, and institutionally streamlined constructs posited by advocates of market-based reform.³⁷ In addition, NPM,

influenced by public choice theory, reflects the belief that bureaucracies are inefficient instruments for the production or distribution of public goods and services due to the self-maximizing proclivities of organizational members.³⁸

Public organizations typically operate in monopolistic environments. Thus, the skills and behaviors required to succeed in a truly competitive environment are not characteristic of the organizational cultures found in most public agencies today. Developing and articulating clear and measurable goals when the very means by which governance is administered are experiencing dramatic change can seem overwhelming tasks. Market-based strategies require the skills to effectively monitor and enforce contract compliance, develop and implement performance-based compensation programs, and advance creative management techniques to enrich and enlarge the nature of responsibilities assumed by organizational employees. Adapting to new methods by which employee performance can be accurately measured when employing newly acquired skills to achieve newly developed organizational goals is additionally required to transform the nature of the public organization committed to NPM reform strategies. In addition, establishing a behavioral norm that is “civic-regarding”³⁹ is essential to ensure that the entrepreneurial environment of NPM does not pose a threat to fundamental tenets of ethical administrative behavior. Newly required techniques and skills typically manifest in an incremental fashion. However, for public managers to successfully employ the techniques, attitudes, behaviors, and practices required of NPM, the pathologically entrenched norms of traditional bureaucracies require significant transformation to establish and maintain organizational cultures of innovation and empowerment consistent with this reform strategy.

3.4 The Adhocracy Culture and Citizen Governance

The Adhocracy model of organizational culture is characterized as an open system that assumes flexibility in efforts to achieve the organizational mission. This culture reflects an entrepreneurial work environment where taking calculated risks is valued and rewarded. The strengths of the Adhocracy culture are its ability to adapt to dynamic environmental demands through creative internal mechanisms, to appreciate the value of individual differences within the collective, and to focus on managing external relations to promote responsiveness and ensure sufficient participation to accommodate pluralistic demands.⁴⁰ As such, the Adhocracy culture is aligned with the reform model of citizen governance.

Citizen governance emphasizes participation by employees, agency clients, and the public at large in identifying and clarifying problems in governance. The preferred approach to facilitate translation of the public will into policy decisions and actions is direct democracy. Rooted in the theoretical constructs of discursive democracy, citizen governance acknowledges that public managers operate within the constraints of bounded rationality⁴¹ and therefore relies on public involvement

to inform the design and implementation of public policy.⁴² As such, citizen governance addresses both the goals that should be established and the means by which those goals should be achieved. Theorists and practitioners calling for active citizen involvement in the processes of governance recognize the need for shifts in the administrative roles of public bureaucrats to encourage meaningful public participation and to develop effective relationships for accountability.⁴³ Recent prescriptive emphasis, however, is placed largely on structural shifts to accommodate and engage the citizenry. For example, Fox and Miller's critique of "loop democracy" prescribes the use of committees, boards, and commissions to promote direct citizen participation.⁴⁴

If citizen self-governance is to manifest in a meaningful way, it will require more than structural change. It will also require more than senior administrators changing the nature of their respective roles to facilitate true partnerships with and accountability to the citizens they serve. Indeed, citizen self-governance should begin with those citizens employed at the lower echelons of the public organization if it is to succeed. To do otherwise is tantamount to creating a schizophrenic public service wherein lower-level employees are powerless during the workday but become magically transformed into empowered citizens at all other times. Without involving these lower-level public servants or street-level bureaucrats⁴⁵ in some form of organizational self-governance, we are merely toying with the notion of authentic participation.

Authentic participation has been defined as "deep and continuous involvement in administrative processes with the potential for *all involved* [italics added] to have an effect on the situation."⁴⁶ If citizen governance is to produce outcomes that meet articulated demands, existing organizational cultures must promote active meaningful dialectal engagement among and between *all* public employees and *all* citizens choosing to participate. Along with meaningful participation by the citizenry, promoting employee understanding of and readiness to adapt to participative forms of management, willingly engaging employees in discourse, successfully empowering employees to affect decisions and processes, and developing an organizational culture that encourages employee participation in decision making are critical to the potential success of citizen self-governance. The public agency that empowers those citizens employed as public servants will likely create an organizational culture that empowers the citizenry at large.

3.5 The Self-Organizing Culture and Communitarianism

The Self-Organizing culture operates within a dynamic and complex environment. Citizen involvement and employee empowerment coexist as a result of flattened organizational structures and nonlinear feedback, and nontraditional arrangements and mechanisms are employed to transform the complex nature of the organization into an ever-adapting system. Rooted in chaos theory and subscribing to the belief

that from disorder comes order,⁴⁷ the Self-Organizing culture assumes some of the characteristics, at various times, of each of the aforementioned cultural models as the organization evolves unsystematically toward its uncertain future.

Communitarianism is rooted in the belief that societies and institutions are based on more than just moral public contracts striving to maximize individual opportunities. Advocates of the communitarian reform hold that the fabric of society is woven from inherently shared values and goals and that individual rights must be balanced with social responsibility.⁴⁸ In the communitarian perspective, it is the very experience of communal life that provides moral guidance and promise. What is most prized in the communitarian view is “not unity of any sort at any price, but unity that preserves the integrity of the parts” in society.⁴⁹

The communitarian model of reform holds that the primary concerns of governance should focus on the impacts to the community resulting from policy decisions and on devising methods by which citizens can be more directly involved in the production of services. Communitarianism views bureaucracies as potentially necessary for some functions but holds that increased citizen involvement and coproduction are the primary means by which to effectively improve governance. In seeking solutions to social problems, the communitarian approach to public sector reform relies on neither government institutions nor the market alone. Rather, communitarianism emphasizes the strength of the third sector—civil society—to address and resolve social ills. In contrast to NPM, which also utilizes nonprofit organizations in its approach to reform, the communitarian strategy emphasizes the use of nonprofit organizations as coproducers of public goods and services to meet public needs and demands.⁵⁰

However, rather than perceiving these nonprofit organizations as institutional partners in reforming the processes and structures of governance, communitarianism in actuality often views them as the competition.⁵¹ This perceived threat reflects the tension inherent in the communitarian model, that community presumes separateness as well as integration. Similarly, the close connection between personal and collective responsibility provides the basis for additional tension in the communitarian approach to reform. For individual responsibility to be assumed, one must be provided the opportunity to participate in community and institutional life. Thus, to form the individual and institutional alliances necessary for authentic partnerships that provide for the common good, new administrative tools and techniques must be utilized.

The challenge of the communitarian model of reform is to effectively utilize nontraditional organizational arrangements and mechanisms to provide public goods and services while maintaining political control and accountability for their provision and delivery.⁵² The tools and techniques utilized by the communitarian reform model include, at various times and in various combinations, key elements of the aforementioned states of organizational life. For example, when utilizing the traditional bureaucratic model, command and control techniques will provide the stability afforded through social and institutional order. When placing a premium

on decentralized authority, the empowering effects of participative management will prevail. When seeking to manage external competition while applying market-based techniques, material incentives, flexible work schedules, and temporary workers will be utilized to increase performance and reduce costs. And when seeking to be accountable to the demanding needs of a pluralistic community through collective responsibility, citizen governance will reign. Thus, advocates of the communitarian approach to public reform support a self-organizing ideology to transform the very nature of organizational life in efforts to satisfy the dual, and often conflicting, democratic needs of social order and individual autonomy.

Further insight into understanding the role of culture in reforming public administration is offered in the following section, which explores the relevant thinking in organizational theory and approaches to organizational change. These schools of thought and models of change are then aligned with each of the paradigms of organizational culture and administrative reform as discussed above.

4 Theoretical Frames and Approaches to Change

Continuing this analysis along a conceptual continuum that ranges from linear to nonlinear, the following discussions briefly describe five frames of organizational theory and corresponding models of organizational change. Institutional approaches to change reflect inherent practices and ideologies that determine the nature of organizational adaptation to changing environmental demands. These five paradigms of organization and change are aligned with corresponding models of organizational culture and administrative reform that possess similar characteristics. This alignment and the typical characteristics of each of the corresponding models of organizational culture, reform strategy, theoretical framework, and approach to change are shown in Figure 3.1.

4.1 *Classical Theories and the Rational Approach*

As previously described, the Hierarchy culture typifies the organizational characteristics of scientific management and the traditional bureaucratic model. The Hierarchy culture is therefore closely aligned with the classical school of organizational theories⁵³ and a rational approach to change. The rational model is primarily focused on acquiring needed information and performing sufficient analysis to enhance organizational capacity for decision making and the ability to achieve desired outcomes. Emphasizing planned change based on acquired knowledge, advocates of the rational approach assume that changing environmental conditions can be accurately discerned and receive an adequate response by following a linear process. The essential steps in this process include the following: (1) recognize that a problem exists, (2) investigate and identify the nature of the problem, (3) identify

alternatives for solving the problem, (4) establish criteria for evaluating alternative solutions, (5) evaluate alternatives for strengths and weaknesses, and (6) select the alternative that will maximize outcomes.⁵⁴

Advocates of the rational model seek to direct and control the nature of change. To that end, they tend to favor centralized decision making to establish clear goals and objectives. Valuing outcomes over process, rationalists focus on the efficiency and effectiveness of decisions and assert that public institutions should control and correct the deficiencies in society and determine, rather than react to, their environments.⁵⁵ With an internal focus that emphasizes stability, predictability, efficiency, and control while simultaneously minimizing risk, the rational approach to change is closely aligned with traditional bureaucracy and the Hierarchy culture.

4.2 Cognitive Theories and the Pragmatic Approach

Cognitive theorists view organizations as systems of knowledge or beliefs through which organization members develop shared subjective meanings. These shared meanings inform employee notions of organizational reality and facilitate functional order by providing a framework for cooperative action and conflict, both consistent with the self-image held and shared within the organization. To the extent organization members view themselves as a cultural collective, behaviors and language may appear rule-bound.⁵⁶ The human relations school of organizational theory similarly acknowledges the importance of shared meanings while seeking organizational flexibility through a humanistic managerial approach.⁵⁷ As such, human relations theories may be considered a subset of cognitive theory. The Clan culture, with its emphasis on understanding relations between organizational members' worldviews and social action, is rooted in the cognitive frame of organizational theory.

While acknowledging the value of cognition and rationality, the pragmatic approach to organizational change also recognizes the existence of and seeks to compensate for noncognitive political and organizational constraints in decision making.⁵⁸ The pragmatic approach thus gains from the benefits of employing incrementalism while not being constrained by pure rationality. Pragmatism also recognizes the significance of perceptions and communications within the organization.⁵⁹ Realizing that implementation depends on internal acceptance of decisions, advocates of the pragmatic model emphasize teamwork, employee empowerment, a cooperative and supportive environment, and structural flexibility to accommodate employee needs and promote employee welfare. The pragmatic approach to change is, therefore, closely aligned with the reform strategy of participative management and the Clan culture.

Decentralizing administrative structures is relatively easy. Decentralizing authority is not. For example, with the majority of its member nations apparently against creating a unifying European Union Constitution for fear of a reduction

in national sovereignty, and the power and control inherent to it, the European Commission recently ended a seven-year effort to gain support for such a unifying document and instead agreed to a less comprehensive intergovernmental treaty.⁶⁰ In addition, a recent survey of local government officials in the small Eastern European country of Moldova found that, at least with respect to interacting with international donor organizations, the overwhelming majority of respondents wanted a significantly greater degree of autonomy and less restrictive policies and procedures mandated by the central government in that country.⁶¹ And it is no less difficult for some public (and nonprofit) managers to delegate authority to subordinates in the organizational setting. For example, findings of a recent study in the United States of perceptions of professional and supervisory personnel in local government and in the nonprofit sector reported that the amount and nature of perceived responsibility and authority afforded the sample employees within the scope of their assigned duties were significantly different and less favorable than they desired. It is noteworthy, however, that government employees reported a slightly more favorable perception of their responsibility and authority than their nonprofit counterparts.⁶²

4.3 Contingency Theories and the Process Approach

Contingency theories of organization reject a purely classical and a purely cognitive approach to organization design and management. Instead, this theoretical frame attempts to understand relationships within and among organizational subsystems and between the organization and its external environment. The organization's environment, technology, and sociotechnical systems are considered variables directly related to behavioral consequences. Contingency theorists reject the notion of a static or universal approach to organization design and management. Rather, different designs are viewed as appropriate for various organizational environments, subsystems, people, technologies, and missions.⁶³

The process model of change emphasizes the need to accommodate democratic participation while seeking to minimize the costs and risks associated with responding to competing and often conflicting external demands. Insofar as the process approach assumes that social values are too complex to facilitate purely rational choices and that stability depends on continuous participation and compromise among competing interests, it is aligned with the view of contingency theorists. In contrast to the rational and pragmatic models of change, analysis has a small but important role in the incremental approach of the process model. Analysis, or knowledge, serves in this model of change only as a device to improve the capacity of citizens to impose demands on public organizations. To the extent organizational decisions flow from the top to the bottom, the process model of change assumes that public institutions are hierarchically structured. However, because the lower echelons of the organization collect information from the external environment and transmit that information to the top of the organization, the process model also

assumes a decentralized structure.⁶⁴ It is this combination of structural attributes that allows for innovation with incrementalism and pluralism with accountability.

Emphasizing accountability while accommodating the pluralistic nature of stakeholder demands, an incremental approach to market-based innovations is well suited to the process model of change. Organizational stability can be achieved by controlling external competition in the delivery of public goods and services. Similarly, efficacy can be realized when measurable organizational goals are established and communicated and performance is managed to achieve those goals. Thus, the process model of change is closely aligned with NPM reform strategy and the Market culture.

NPM, implemented in various forms and with various names, has been one of the most popular reform strategies adopted around the world. However, as evidenced by the rather large body of literature already developed on this topic, it takes more than experimenting with private corporations or nonprofit organizations and the notion of competition to reform the nature of public service. Instead, it appears that while market-based experiments abound in many administrative organizations around the globe, the monopolistic nature of public bureaucracies remains entrenched as we struggle to find congruence with espoused values and adaptive behaviors in public service. To this point, Jon Pierre argued that in attempts to “marketize the state,” public organizations must now choose between comprising either the traditional public service objective of ensuring legal security or the traditional objective of ensuring efficiency when engaging in market competition.⁶⁵ In addition, a lack of private-sector-type incentives to encourage public administrators to learn the new skills required of this reform strategy, and then manage and reward their performance accordingly, has thus far prevented full realization of the potentially positive effects of this reform strategy to this point in time.⁶⁶

4.4 *Symbolic Theories and the Continuous Learning Approach*

Symbolic theorists assert that organizations are systems of emblematic discourse whose meanings must be interpreted,⁶⁷ read,⁶⁸ or deciphered⁶⁹ to be accurately understood. Analysis of thematic patterns of symbolic discourse reveal how organization members construe their daily work experiences and how these explanations relate to organizational values, beliefs, and actions.⁷⁰ Grounded in the theoretical works of Argyris and Schon,⁷¹ continuous learning involves “double-loop learning,” or changes in organizational values that shape and inform behavioral changes. Because double-loop learning is a process through which organizational members assess the extent to which they have achieved stated objectives and whether those objectives remain relevant, it facilitates the “ability to remain open to changes in the environment and an ability to challenge operating assumptions in a most fundamental way.”⁷² Thus, the continuous learning model of organizational change

places emphasis on the ability to rapidly adapt and respond to the ever-changing external environment. This model also incorporates participative management so as to empower employees to create high performance organizations.

The values held by members of the continuous learning organization are central to the change process. As organizational members develop shared values, they come to share a perception of the organization's purpose and its ability to achieve its mission. Shared values then serve as internal controls through which employees monitor their own behavior.⁷³ In the continuous learning approach to change, organizational values provide the foundation on which the messages, behaviors, attitudes, perceptions, goals, and actions of leadership and staff are aligned.⁷⁴

In addition to a reliance on organizational values, continuous learning also relies on two-way communication between institutional members and clients to achieve the organizational mission. This client-centered focus allows organizational processes to be driven by the needs of the citizenry and ultimately improves the organization's capacity to function with flexibility, creativity, and accountability. With an external client-centered emphasis on discourse and a flexible entrepreneurial organizational environment, the continuous learning approach to change is aligned closely with the reform strategy of citizen governance and the Adhocracy culture.

As a tool of reform, experiments with electronic government are typically designed to facilitate communication between government and citizens. As such, technology is thought to make government more readily accessible and accountable. Research shows, however, that coherence among and within national and subnational levels of government and sufficient resources to develop and maintain e-government systems are critical to their success. Moreover, the nature of and extent to which information is shared with the citizenry is a function of the prevailing philosophy of public officials. Thus, although e-government can be a useful tool for obtaining and sharing public information, requesting public goods or services, and holding public officials more accountable for results, it can also serve the function of being little more than window dressing for public agencies wanting to appear more open or modern.⁷⁵

4.5 *Transformational Theories and the Chaos Approach*

Within the context of transformational or psychodynamic theories, organizational forms and practices are viewed as manifestations of unconscious psychological processes.⁷⁶ The human mind is acknowledged to have inherent constraints, of which we are consciously unaware, through which organizational members interpret their physical experience. The challenge faced by researchers of this theoretical frame is to "penetrate beneath the surface level of appearance and experience to uncover the objective foundations of social arrangements" and their meanings.⁷⁷

The chaos model of organizational change, rooted in the natural sciences and quantum physics,⁷⁸ emphasizes and enables rapid adaptability. Although this objective is shared with continuous learning, different processes are utilized to achieve this goal. Where the continuous learning model relies on symbolic and participative techniques, the chaos model relies primarily on the presence of complexity and disorder to facilitate increased organizational flexibility and responsiveness.⁷⁹ Within the chaos model, the process of adaptation includes individual and shared responses as well as reactive and anticipatory behaviors. Whereas individual adaptation occurs through learning, shared adaptation occurs through crossover replication. In other words, individuals within the organization assume some, but not all, of the values and norms of other individuals in the organization. Other organizational actors with whom the first set of individuals comes in contact subsequently transfer some assumed values and norms to other organizational members. This recurring pattern of crossover replication serves to create a partly and wholly shared Self-Organizing culture that characterizes the dynamic nonlinear organizational environment. Each organizational actor within this change model develops strategies to cope with and survive in an unpredictable and disorderly environment. To promote rapid adaptability, these strategies require complex learning that is facilitated by the tensions inherent in a nonlinear system. The Self-Organizing culture operating within this complex environment necessarily produces diversity that enhances further learning and is paradoxically cooperative and competitive in a spontaneous way.⁸⁰

Although it may appear that the disequilibrium inherent in the chaos model of reform precludes the existence of stability, this is not the case. Indeed, the processes of self-organization ultimately serve to create an emergent new order within the nonlinear system. These self-organizing processes involve three primary phases. First, fluctuations in the environment move the organization away from equilibrium. Second, additional environmental changes create organizational disorder and instability. Finally, a spontaneous emergent new order is produced as a result of the self-organizing dynamics of the system.⁸¹ Wheatley described self-organization as a chaotic process within which the organization “partners with its environment, . . . develops increasing autonomy from the environment and also develops new capacities that make it increasingly resourceful.”⁸²

In sum, the chaos model of change is characterized by a dual focus on the internal and external environments and a shared learning among and between internal and external actors. Similarly, communitarianism seeks to bring together people and processes inherent to society, its governance institutions, and its private sector organizations through building community. Moreover, the communitarian objective of establishing and maintaining social unity that preserves the integrity of societal components combined with serving dual and often conflicting values produces inherent tensions due to serving conflicting and competing values (separated and integrated community, individual and collective responsibility, and social order and individual autonomy) in a nondeterministic way. Thus, the chaos model is

closely aligned with the communitarian model of reform and the Self-Organizing culture.

The trend toward developing an enhanced role for civil society in public service mirrors the goals of the communitarian model of reform.⁸³ Changing the role of the state from provider to partner in the delivery of public goods and services surely has transforming effects on public administrators and their employing organizations. However, because wholesale shifts in social and organizational cultures occur only over long periods of time, moving from one end of the culture-reform continuum to the other requires many incremental steps away from traditional bureaucratic values and norms along the way. Moreover, viewing nonprofit organizations as allies in the coproduction or coprovision of public goods and services requires dramatic changes in traditionally held beliefs concerning the role of government and of public administrators. Incentives may help facilitate this change and consequently ensure some level of social equity, but there are no guarantees.⁸⁴ Therefore, changing the hearts and minds of public administrators and the cultures of their employing agencies to facilitate perceptions and actions that reflect cooperation rather than competition, partnership rather than sectoral partisanship, and a united belief in promoting the common good are essential ingredients in successfully realizing this model of reform.

5 Discussion and Conclusions

On the basis of the preceding discussions, several conclusions may be drawn concerning the significance of culture when attempting to reform the ways in which public organizations administer governance. First, the culture of an organization is developed and sustained as a function of the culture of the larger society in which it operates. The size, structure, and extent of available resources are certainly important factors that affect organizational potential for bureaucratic reform. Equally important, however, are the history and geographic determinism of the organization, because these factors inform the values that underlie and shape the organizational culture. The perceptions and philosophies held by organization members affect the distinctive working style and beliefs unique to each organization. As such, differences among the social cultures of individual nations shape and inform the organizational cultures within those respective nations. Organizational cultures, in turn, affect attitudes and behaviors within each organization, the kinds of people recruited and hired, the appropriate roles for supervisors and managers, and the ways bureaucratic opportunities and constraints are perceived and coped with.⁸⁵ These factors affect significantly the organizational capacity to implement meaningful, long-lasting, authentic change.

Second, using a one-size-fits-all organizational approach to bureaucratic reform has inherent consequences. To the extent current calls for participative management, NPM, citizen governance, and communitarianism reflect standardized

attempts at reform, they are at risk of being perceived as nothing more than the latest round of management fads to come down the pike. Reform of bureaucratic systems, structures, and roles to meet new and challenging demands must be treated as a function of each organization's unique culture if these changes are to be fully accepted and perceived as valuable by members of the organization. Acquiring and distributing information about successful attempts at institutional innovation and then adopting selected innovations within a given agency promotes contagion⁸⁶ or mimetic isomorphism⁸⁷ in administrative governance. But contagion and mimetic isomorphism do not by themselves promote or guarantee authentic reform.

Third, organizational culture is not easily manipulated by managerial impositions or by influences external to the organization. When attempting to introduce organizational humanism, control of external competition, accommodation of pluralism, or nontraditional arrangements and mechanisms within organizational cultures historically socialized to accept the ideologies and practices of the Hierarchy culture, individuals will likely perceive such reform efforts as incongruent with what they know to be true. Instead of perceiving reform as being advantageous to them, they may see the change as a reflection of managerial ideology to which they must simply adjust. Because "ideology is at the core of culture, change efforts must be aimed directly at the experiences people have and what they learn from them so that assumptions and core values are altered."⁸⁸ Thus, efforts to empower employees and citizens through processes of authentic reform must be consistent not only with the prevailing managerial ideology but also with the experiences and philosophies—the cultures—of employees and citizens.

Fourth, organizational culture is a product of organic factors and is developed over a long period of time. Supporting this point, Sathe posited, "A radical change in the content of a culture is more difficult to accomplish than is an incremental change, and cultural resistance to change is greater in a strong culture than in a weak culture."⁸⁹ Shifting one's orientation from values, practices, and norms one has been socialized to accept through formal and informal institutional mechanisms is a gradual process often challenged by those very institutional mechanisms. To change the attitudes, perceptions, and behaviors that have become entrenched organizational norms requires consistent and continuous effort over a substantial period of time.

Fifth, as we move toward increased use of market-based philosophies and tools and more direct and informed citizen involvement and seek nongovernmental partners to help solve public problems, the lack of an alternative ethos in public service becomes increasingly problematic. If public administrators are expected to share responsibility for ensuring the common good and promoting public welfare through mechanisms inherent to these and other reform strategies, it becomes essential that a relevant construct on which to guide ethical administrative conduct be developed to replace the traditional public service ethos. A newly created sense of ethics congruent with commonly accepted strategies for administrative reform

will provide a foundation on which to guide global administrative behaviors in the future, just as the prevailing public service ethos has done in the past.

Finally, consideration of organizational culture appears central to any effort designed to successfully reform the structures, systems, and processes within public bureaucracies. The culture of public service does not develop or exist independent of the respective national or local culture in which it operates. And the cultures of organizations are, in fact, microcosms of the larger social cultures in which they exist. Therefore, it is logical to conclude that meaningful, lasting, authentic institutional change requires that the values and beliefs of the people within the organization—the organizational culture—be consistent with the nature of the desired reform and the preferred approach to change. Adjusting organizational structures, procedures, and techniques in the name of reform is merely reform at the margins. Historically developed, culturally accepted, and organizationally entrenched values and norms cannot be changed by administrative reform alone, and authentic administrative reform cannot occur without changing historically developed, culturally accepted, and organizationally entrenched values and norms that are inconsistent with desired reforms. The human factors that create and affect the nature of organizational culture must therefore be considered at least as important as the structural and procedural features of organizational life if we are to achieve meaningful, authentic reform in public sector bureaucracies and in the processes of governance around the world.

This conceptualization of organizational culture and administrative reform as an integrated continuum is only a first step toward addressing the two issues identified early in this chapter. The first problem addressed culture being treated in the literature, if at all, as a context for rather than an influence on the nature of administrative reform. The second concern addressed the extent to which culture affects the nature of administrative reform. On both counts, the utility of this proposed model is not yet empirically tested. Nonetheless, arguments and anecdotal evidence presented in this chapter suggest that culture does indeed have the potential to both advance and inhibit authentic administrative reform. Thus, it is reasonable to consider culture as both a context for and a causal factor in administrative change. The extent to which culture affects the nature of reform is much more difficult to ascertain, however, and is beyond the scope of this analysis. It is from this point of departure that future research may add to our understanding of the significance and effects of aligning organizational culture with efforts to truly, authentically, reform public administration around the world.

Changing public administration by decentralizing structures, increasing participation, using market-based techniques, or engaging civil society certainly qualifies as administrative reform. However, the approaches most often used to achieve reform at best result in changing outward behaviors. Such behavioral changes may over time effect changes in organization culture. But simultaneously addressing changes in the cultural, structural, and procedural aspects of organizational life will likely reduce resistance to change and enhance the possibility of authentic, more

meaningful, and longer-lasting reform. Thus, if we truly believe public administration requires change to be effective, we must focus not only on structure and process but also on changing hearts and minds within the administrative culture. Only then will we move toward authentic administrative reform.

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**ADMINISTRATIVE
REFORM IN
EUROPEAN UNION
FOUNDING AND EARLY
MEMBER NATIONS**



Chapter 4

Administrative Reform in Germany: Changes and Challenges

Jochen Franzke

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1 Introduction: The German Political–Administrative Regime

Five key features are central to understanding the German political–administrative regime, its continuities and changes since unification, and its present performance with regard to administrative reform: (1) the federal system of interlocking politics, (2) the domination of the rule of law, (3) the impacts of different state traditions, (4) the consequences of Europeanization, and (5) the incorporation of East Germany. The following sections examine each of these features in turn.

1.1 *The Federal System of Interlocking Politics*

Germany is characterized by a parliamentary system with a division of powers between the federal government and 16 *Länder*, or state governments. In principle, both levels of government are independent of one another. The *Länder* are states with sovereign rights and responsibilities and are not devolved from the federation. The administration of the federal, *Länder*, and local levels of government are formally independent but are largely structured along uniform lines within an integrative legal system, standardized public services, and a consistent economic–financial system.

In practice, a system of interlocking politics (*Politikverflechtung*) has evolved within Germany. The traditional problems of horizontal coordination within certain policy fields, which are typical for any system of public administration, are reinforced by additional problems of coordination across different vertical levels of government. Today, successful coordination is crucial for modern governance. With the exception of reforms aimed specifically at managing the current fiscal crisis, nearly all changes in the contemporary German political-administrative system have tended to reduce governmental coordination and coherence by degrees. At the same time, there are increasing demands for a more coherent and coordinated government.

German federalism is both implementation oriented and cooperative.¹ Implementation-oriented federalism means that most federal laws are executed by the *Länder* and ultimately by local governments.² Thus, field offices at the federal level are limited to administration of the Foreign Service, the national defense, customs, the labor administration, and the federal police. Moreover, the federal government's direct involvement in policy implementation and control of public administration is limited to legal supervision and financial appropriation. This functional division of labor between the federal and state governments has often been criticized in instances where the lack of efficiency and effectiveness has been characterized as "decision-making traps"³ and when this relationship has been assessed as a "unitary state in disguise."⁴ This relatively new and somewhat unclear structural arrangement, which replaced formerly clear-cut jurisdictions for the federal government and for the *Länder*, forces decision makers within these two levels of government to act in a cooperative fashion.

In the past, the federal government has been mainly responsible for formulating and enacting legislation, but a kind of legislative dualism has developed in practice whereby the *Länder* are deeply involved in the federal legislative process. This involvement includes, among other things, a veto right in the Federal Chamber when proposed legislation has implications for administrative affairs of the *Länder* or when it involves a European Union (EU) matter. Nonetheless, the number of policy areas regulated by federal legislation (e.g., competing legislation, frame legislation, and joint tasks) has increased over time. This trend was reversed in 2006 when federal reform gave some legislative rights back to the *Länder*. Thus, the German system of interlocking politics is currently typified by two kinds of conflicts where German federal policy is concerned. First is the political conflict between federal cooperation and party competition. Second, but no less important, is the distributive conflict among the *Länder*.⁵

1.2 *The Dominating Role of the Rule of Law Concept*

The administrative culture in Germany is traditionally dominated by the concept of the rule of law (*Rechtsstaat*). Within this culture, law binds all executive and

administrative powers, in particular when interfering with basic individual rights. All public power is subject to judicial control with citizens having access to constitutional courts at the federal and *Länder* levels as well as access to special administrative courts of justice. Therefore, legality is traditionally more important than efficiency and effectiveness in the German culture.

The *Rechtsstaat* principle implies that legislation is subject to judicial review by the Federal Constitutional Court when questions about constitutionality arise. In such cases, the Court can be regarded as an “institutional veto power” that may restrict the scope of executive leadership in Germany and may modify or block governmental reforms even after their acceptance by parliament.⁶ Under these circumstances, the *Rechtsstaat* principle provides the political–administrative regime in Germany with a “rigid backbone” while simultaneously possessing the capacity to restrict the scope of governmental reform.⁷

1.3 The Impacts of Different State Traditions

Different ideas of the German state and its functions are influencing public administrative reforms today. One perspective of what the German state should be is reflected in the classical tradition of the autonomous and authoritarian state, with the state being separated from society. A second view reflects the democratic tradition in which the state “is not separated and does not stand above society, but is part of it.”⁸ Pluralism is seen as a necessary prerequisite in this cooperative state. A third perspective is in the liberal tradition, whereby the threats of the state to civil liberties and its limited potential to solve societal problems are the primary considerations. Therefore, the overburdened and overextended state must be limited. Finally, in the socialist and Marxist tradition, the state is seen as an instrument of the ruling classes. With the exception of the latter, all traditions have left their marks on the German understanding of the state, the nature of public administration, and, in current debates, administrative reform.⁹

1.4 The Consequences of Europeanization

As a member of the EU, Germany is subjected to Europeanization in that it must adapt its political–administrative regime “to a European political centre and European-wide norms.”¹⁰ As a result, the influence of European institutions is increasing in many aspects of governance, and European law is thus becoming an increasingly important source for law in Germany.

In the field of administration, however, the consequences of Europeanization are diffuse. So far no agreement on a common European administrative model has been reached, and only a fuzzy trend toward what some observers refer to as a

“European administrative space” has been realized to date.¹¹ For example, administrations of the EU member states are currently forced to adapt to European standards, and efforts to gradually harmonize administrative law among EU members are under way. Despite such efforts to generate commonality, administrative disparities within the EU appear to have increased primarily as a result of incorporation of 12 new member states in 2004 and 2007. Thus, the impetus for European integration of administrative reform in Germany is rather limited.

Europeanization and globalization influence administrative changes in Germany “to a lesser degree than indigenous domestic factors.”¹² The German administrative regime changes only incrementally,¹³ strictly within given constitutional constraints, and in ways that are consistent with the institutional framework and the political culture of the federation. Therefore, the current political culture is primarily characterized by wide acceptance of the pivotal role of the state in upholding the social market economy and promoting Germany’s prointegration stance in the EU.

1.5 *The Transformation in East Germany*

After German unification in 1990, the administration of the former East German state (GDR) was successfully incorporated into the political–administrative regime of the German Federal Republic (FRG). Five new East German *Länder* with administrations of their own were established. Each of these *Länder* incorporated the constitutional system, the administrative structure, and the institutional arrangements of the FRG into their respective governance systems.¹⁴ By thusly establishing a “ready-made state” in eastern Germany,¹⁵ it was expected that the social risks of the transformation could be minimized and that the construction of “modern market economy institutions” could be accelerated. This top-down transformation process, with few chances for institutional innovation, was called the “blueprint approach” and included a historically unique transfer of institutions, elites, and public money.¹⁶ By the mid-1990s, the new administrative institutions in the East were consolidated, and the elite transfer came to an end. Financial transfers, on the other hand, are expected to continue until 2019.

Surprisingly, a specific kind of administrative culture developed in East Germany that is markedly different from the Weberian model of bureaucracy that typifies the West. East German authorities have clearly “departed from the ‘supreme, power-like’ model of public administration.”¹⁷ This is especially true for local actors within the new *Länder* who are able “to handle public administration in a more problem- and goal-oriented rather than a rigid law-abiding manner.”¹⁸ Nonetheless, pressure for administrative reform in the East remains higher than in the West because of an extreme budgetary crisis, overstuffed public service organizations, and a declining population.

2 The Nature of Administrative Reforms in Germany

Administrative reforms in Germany have a long history, beginning with the founding of the Federal Republic in 1949. Every decade since has had its own focus on reforming public administration, from deregulation in the 1950s and 1960s to citizen-oriented administrative simplification in the 1970s and 1980s. In the 1990s, administrative reform efforts concentrated on intra-administrative changes by introducing new management tools. Concerns about the interaction between public administration and society have gained prominence in the new millennium, thus making this aspect of governance a prime target for reform.

The sometimes rather technocratic views of administrative reformers have kept the political and democratic requirements of modernization and other conditions necessary for success from being adequately addressed in various reform packages. For example, the strengthening of public participation in the processes of governance is an essential component of modernization, and appropriate inclusion of key staff members in administrative decision-making processes is relevant to organizational development. Nevertheless, these issues have yet to be adequately addressed through administrative reforms in Germany.

Disenchantment with the state and internal changes within public administration must be considered additional stimuli for reform. In particular, key internal features of the German administrative system and the forces of integration are changing the nature of public administration in the long term. First, the traditional “sovereign-hierarchical modes of [administrative] action” are in decline.¹⁹ German administration is increasingly becoming more cooperative, relying primarily on negotiations and mediation rather than on command and prohibition to achieve its objectives.²⁰ This process is challenging the capacities of public administration and may ultimately result in pluralization of the administrative culture in Germany.

In addition, the German public sector has become increasingly differentiated and fragmented. Indeed, the public sector today resembles a patchwork of organizational forms and norms. The traditional career civil service is progressively weakening as civil servants (*Beamte*) with special loyalties and responsibilities to the state are being replaced by public employees who view working for the state in the same light as working for any other enterprise (*Angestellte*).

The classical autonomous hierarchical state no longer exists in Germany. Networks are expanding, and entrepreneurial and market rationality is becoming increasingly more influential. The borders between the public and private sectors are becoming increasingly blurred as a result of the increased autonomy of service-providing units within public administration (autonomization) and the creation of government-owned corporations (corporatization). Moreover, many public sector organizations have transferred the production and delivery of services to private for-profit and not-for-profit suppliers. And although privatization activities in Germany have been less comprehensive than in several other European countries, there have

been considerable privatizing activities at all levels of government. Private providers can now be found in many public services, including infrastructure maintenance, housing, transport, waste disposal, energy, and information technology services provided to and for many administrative organizations within government. However, in the wake of increasing autonomization and corporatization, private law is becoming more influential in the public sector. In addition, European law is also gaining influence as a result of EU integration. Given the decline of the integrative capacity of public law, conflicts between these different legal sources of influence and the laws they generate are likely to grow in the future.²¹

In general, the capacity for executive leadership provided by the German political system is rather limited because of the federal state structure, the role of party competition, the *Rechtsstaat* principle, the corporatist tradition, and the specific organization of government.²² Therefore, public administration has the ability to act with a relatively high degree of autonomy and may strongly influence policy formulation and implementation. Its political influence is higher than in many other member states of the EU. Thus, administrative reforms in Germany are “self-generated reforms, hence implying a high stability of administrative core arrangements.”²³ Within this context, administrative reform in Germany generally takes the form of an ongoing process characterized by “incremental self-adaptation by the bureaucracy in light of environmental demands.”²⁴

Germany has been challenged at the beginning of the 21st century by crises of state, economy, and society. Current difficulties include, but are not limited to, a socioeconomic crisis, fragmentation of the party system, a public budget crisis, and a crisis of the welfare state. These challenges and their respective relevance to administrative reform are briefly described next.

2.1 *The Socioeconomic Crisis*

Low economic growth, high unemployment, growing inequality, rising poverty, stagnant wages, and reduced social security are indicative of the socioeconomic crisis currently being experienced in Germany. As a result of this crisis, Germany is on its way toward becoming a financially risky society with reduced solidarity. In addition, increasing social individualization and fragmentation, resulting from accelerating societal modernization and differentiation, contribute to the complexity of this difficult problem. Because of the nature and magnitude of the socioeconomic crisis, administrative reform can be of assistance only after political decisions to address the problem are made.

2.2 *Fragmentation of the Party System*

The traditional “great” political parties (*Volksparteien*)—the Social Democratic Party (SPD) and Christian Democratic Union (CDU)—are currently losing not

only members but also their integrative role in the German state and in society. The party system is becoming increasingly fragmented as public disenchantment with German politics and politicians continues to rise. Generally, the level of trust the German people feel toward their democratic system is in a state of decline, and this is especially true for citizens residing in the East. A weakened and fragmented political party system has serious implications for the future of administrative reform, because the German administrative apparatus is heavily dependent at its very foundation on a model of statehood that relies on strong integrative political parties.

2.3 The Crisis of the Public Budgets

Germany's recent weak economic growth has produced a crisis in the job market and sinking tax receipts for the state. At the same time, public expenditure pressures have been and are rising because of the consequences of unification, the growth of social transfers, and the high cost of unemployment. Additional fiscal pressures stemming from current debt conditions and the corresponding interest load further complicate this fiscal problem. And although recent fiscal data indicate that the situation concerning tax revenue is improving, the crisis of the public budgets remains problematic in this country. Similar to the relevance of administrative reform to the crisis of fragmented political parties, the fiscal crisis in Germany requires political action before administrative reform can affect positive change in fiscal management.

2.4 The Crisis of the Welfare State

The impact of globalization on internal affairs in Germany, one of the world's biggest export nations, is extreme, especially on its economy and labor market. Yet in these times of globalization, the traditional corporatist consensus and the self-regulatory capacities of employer associations and unions are declining. As a consequence and in contrast to several other countries in the Organisation for Economic Co-operation and Development (OECD), Germany has failed to successfully meet the challenge of welfare state reform. Again, political actions and decisions are required before changes in public administration can be developed or implemented to address the problems of the welfare state.

3 Implementation and Effects of Administrative Reforms

Within the German federal system, administrative reforms may be accomplished independently at each administrative level of government. There is no room for a

metagovernor in a system in which the *Länder* are responsible for reforming their respective administrations. Indeed, several *Länder*, such as Baden-Württemberg, Lower Saxony, and North-Rhine/Westphalia, and the city states, or *Stadtstaaten*, have acted as modernization pioneers, and all German *Länder* are actively engaged in the reform process.²⁵ The federation, however, sets substantial basic conditions for administrative reform particularly through its ability to affect the allocation of public tasks between the federal, state, and local administrative levels and, until 2006, through enforcement of the public service employment law. Nevertheless, the *Länder* and local counties and municipalities are each able to execute administrative reforms independently because they are allowed autonomy in organizing their respective administrative apparatus.

Five major administrative reform strategies have been observed in Germany during the past decade: (1) new public management, (2) decentralization and de-bureaucratization, (3) e-government, (4) public–private partnerships (PPP), and (5) public service reform. In the following sections, major results of implementing these reform strategies at the federal, state, and local levels are analyzed, and their effects are discussed.

3.1 *New Public Management*

Germany is a latecomer to new public management (NPM) reforms. In the 1990s, the desire to improve management capacity and performance dominated change activities in the German public sector. Atypically for Germany, such managerial reforms were initiated from the bottom up. Faced with an extreme financial crisis, German local authorities began considerable efforts to modernize their administrations by introducing market-based concepts and management instruments. Attaching a label to the German variant of NPM, this reform initiative became known as the New Steering Model (NSM). Subsequently, the German *Länder* governments followed suit with similar, although less comprehensive, concepts of the NSM.²⁶ And recently the federal government has started to use new management tools in attempts to reform the national administration in concert with the NSM philosophy.

The NSM reforms in Germany are strongly interconnected with the concept of the Ensuring State (*Gewährleistungsstaat*).²⁷ In this concept, the modern state is seen no longer as a quasi-monopolistic producer of all public services but rather as a guarantor that decides on certain policies and ensures the delivery of public services to citizens. The role of the Ensuring State is to decide whether to produce or to purchase specific services and then to successfully manage service delivery.

In the Ensuring State, responsibilities pertaining to public tasks can be divided into four main categories. First, the granting responsibility ensures the delivery of politically desirable and affordable services to the public. Second, the providing responsibility guarantees production of such services and delivery to the public. Third is the financing responsibility, which deals with managing the costs of

investment or service. And finally, the Ensuring State will step in to provide or deliver services in the case of private provider insolvency. Assumption of this task is known as the rescuing responsibility of the Ensuring State.²⁸

In general, administrative reforms that fall under Germany's NSM rubric have not fulfilled their high expectations up to now. Doubt is growing among practitioners as to whether market-based reforms can solve the problems of German public administration, because conflicts between management reform and budget consolidation and between modernization and privatization have not yet been resolved through use of these techniques.²⁹ Moreover, German politicians have been largely disengaged from the NSM, and too little attention has been paid to the development needs and interests of public employees when attempts to develop and implement these reform efforts have been undertaken. In addition, several unintended consequences of NSM reforms were realized following implementation. For example, transaction costs were higher and the level of savings was lower than expected. Political control of the production and delivery of public services and the possibilities of having government institutions steer (rather than row) both declined. And because of intensive staff reductions, motivation of the remaining staff to support any further reform along similar lines is declining.

3.1.1 *The NSM at the Federal Level*

The federal government so far has been quite reluctant to implement elements of the NSM. Nevertheless, several new management tools have been introduced in the 445 federal agencies during the past few years. Priorities of the federal government's NSM concept can be seen in the use of business management tools such as cost-benefit analysis and target agreements to help to improve public administration performance and to reduce costs. Since the mid-1990s, federal government agencies have been implementing cost-benefit analysis (CBA) to increase cost-effectiveness and transparency, and its use is growing. In 2005, the functions of 77 percent of federal staff positions in Germany were covered by CBA.³⁰ In addition, the use of target agreements, which serve as essential elements of goal-oriented management, is on the rise. In 2005, approximately 47 percent of Germany's federal agencies had made such agreements with other agencies. In addition, 163 agencies signed target agreements with their staff, and 24 agencies planned to introduce target agreements in the future.³¹

3.1.2 *The NSM at the State Level*

All *Länder* have begun to introduce elements of the German NSM during the past few years, albeit with different ambitions and accentuations. The NSM elements employed by the *Länder* seek to improve the quality of product definitions, public budgeting processes, cost accounting processes, personnel management, customer

orientation, and the capacity to better manage the administration of state business. Despite these good intentions, the overall administrative performance of the *Länder* has improved only marginally. Exceptions to such marginal improvement include the areas of quality management and customer and service orientation, which have realized significantly improved functionality through the use of NSM tools and techniques in the *Länder*.

3.1.3 *The NSM at the Local Level*

As previously noted, local authorities within Germany's 12,318 municipalities, 323 counties, and 114 county-free municipalities can be regarded as the pioneers of NSM-based administrative reforms in Germany. They were heavily induced toward market-based innovations by the *Kommunale Gemeinschaftsstelle (KGST)*, an influential think tank catering to the needs of local authorities.

Changes resulting from NSM implementation include reducing the number of levels of hierarchy within the institutional structure of local administrations, creating a new division between front and back office functions, and introducing a more decentralized mode of government steering. Local authorities have additionally gained experience with the process of internal contracting. As a result of these and other NSM reforms, the performance of local authorities is improving.³² First, the efficiency of the local public services is increasing, as evidenced by the same output now being produced with fewer resources. Second, cost reductions have generated increased transparency and improved responsiveness to citizen demands. As a consequence, new budgeting systems are planned for implementation in all German municipalities by 2010. Finally, because of the widespread establishment of one-stop-shops for citizens (*Bürgerbüros*), service and customer orientation has obtained a clear priority in government administration at the local level.

3.2 *Decentralization and De-Bureaucratization*

Traditionally, the German political-administrative regime is characterized by remarkably high degrees of political *decentralization* and administrative *de-bureaucratization*. Since the early 1990s, the roles of decentralization and de-bureaucratization have become increasingly important to understanding the administrative changes taking place in German governance.

3.2.1 *De-Bureaucratization at the Federal Level*

Attempts by the federal government to reduce bureaucratic regulation and its associated costs have yet to prove successful. Thus, the federal government intends to "press ahead with the reduction of bureaucracy and unnecessary regulation."³³

However, the nature of this federal reform paradigm remains unclear and somewhat contradictory. For example, one of the last attempts to reduce administrative costs failed in 2003–2004 when the federal government called on key social actors to make suggestions for a process of de-bureaucratization. Approximately 1,000 suggestions emerged. Some of them were overlapping, and others were not aimed at improving federal administrative competencies or performance. Most of the suggestions received, however, were vetoed by the ministerial bureaucracy and by various organized interests. Ultimately, only 29 recommendations were accepted and amended to the appropriate laws. The federal government also missed the opportunity to radically modernize its bureaucracy as it began to move the federation's capital from Bonn to Berlin in 1999. As a consequence, inefficiencies remain in having approximately 11,000 federal employees currently working in the former capital of Bonn, whereas only 8,000 federal workers are employed in the current capital city of Berlin.

There are, however, positive signs that the new federal government, which was elected in 2005, is committed to reform government administration insofar as it began its first de-bureaucratization initiative in April 2006. This initiative utilizes a newly established Standard Control Council (*Normenkontrollrat*) to measure and monitor the costs of bureaucracy for private firms. To accomplish this objective, the Standard Control Council employs a tool known as the Standard Cost Model (*Standardkostenmodell*), which was originally and successfully developed in the Netherlands.

Structural reforms aimed at further streamlining the federal administration have also produced some positive results to date. Through an ongoing assessment of tasks, the number of federal authorities was reduced by 32 percent (from 654 to 445) in the period between 1998 and 2005.³⁴ Unfortunately, this reduction did not include the ministerial level of government. It is noteworthy, however, that central service providers are becoming increasingly established as the caretakers of common tasks such as personnel recruitment, benefits accounting, and travel management for all federal agencies.

3.2.2 *De-Bureaucratization at the State Level*

Most of the *Länder* are streamlining their public sector organizations by reducing the number of public tasks performed, downsizing their personnel, and cutting their budgets. This kind of reform is especially far reaching in Bavaria, Brandenburg, Bremen, North-Rhine/Westphalia, Schleswig-Holstein, and Thuringia. These efforts appear to be insufficient, however, because of the clear predominance of a desire for internal modernization, an orientation toward pure efficiency, and the lack of clear political definitions regarding state functions.

Most of the *Länder* work intensively to contain the tide of laws and regulations that may thwart administrative reform. For example, Thuringia began the year 2003 with the cancellation of redundant administrative regulations within

its jurisdiction. Mecklenburg-Western Pomerania is currently working toward abolishing at least 30 percent of its statutory orders and administrative regulations. And deregulation is a vital part of current administrative reform efforts in Bavaria, North-Rhine/Westphalia, Rhineland-Palatine, Brandenburg, Saxony, and Schleswig-Holstein.

Attempts to further decentralize public administration at the *Länder* level are concentrated within their administrative districts (*Regierungsbezirke*). However, this traditional, midlevel aspect of *Länder* administration is being increasingly questioned. In the course of their institutional transformations, three of the five new *Länder* in eastern Germany opted against the introduction of administrative districts responsible for reducing costs and strengthening the capacity of local government. Some years later, North-Rhine/Westphalia and Rhineland-Palatine revamped their midlevel administrative units and turned them into local service units by eliminating most of their supervisory functions. And the *Länder* of Lower Saxony completely dissolved its four administrative districts in 2005.

3.2.3 *De-Bureaucratization at the Local Level*

Reorganization of the territorial structure of local administrations in the *Länder* may also be regarded as part of the decentralization and de-bureaucratization processes in German administration insofar as such reorganization is considered a prerequisite for downsizing the number of public service tasks required of local authorities. It is within this context that Lower Saxony dissolved its four district governments and established a two-tier administration in 2005. Reorganization of the territorial structure of local administration is further evidenced in Mecklenburg-Western Pomerania, where the number of counties shall be reduced by 2009 from 18 (including county-free cities) to 5. This reform will result in the creation of large regional counties in Germany for the first time. And de-bureaucratization was the primary object of the territorial reforms that occurred between 1999 and 2004 in Brandenburg, which resulted in the number of municipalities declining from 1,479 to 421.³⁵ Finally, local territorial reorganizations and reforms are either ongoing or being planned in the *Länder* of Schleswig-Holstein, Saxony-Anhalt, and Saxony and will surely advance the dual objectives of decentralization and de-bureaucratization in these *Länder*.

3.3 *The Influence of E-Government*

E-government is no longer in its infancy in Germany. With the first generation of e-government initiatives (e.g., BundOnline 2005, MEDIA@Komm), public authorities have made some progress in tapping the potential of the Internet. Subsequent implementation of second-generation e-government initiatives (e.g., Deutschland-Online, MEDIA@Komm-Transfer) has only recently begun. Despite the initial

success of these efforts, these projects have so far not contributed to the creation of a countrywide e-government system.

Thus, within an international context, Germany ranks as being merely average in terms of using electronic technology as a method of reforming government administration. And although 74 percent of all public services offered by Germany's different levels of government were available online in 2006 (an increase of 8 percent since October 2004), Germany holds 19th place in the rankings applied to the use of e-government for the 27 member states of the EU.

There are three primary reasons for this unfavorable situation. First, Germany is spending only 0.6 percent of its GDP on improving information technology services in public administration, which is definitely less than most other nations in the EU. Second, e-government is viewed predominantly as a cost factor rather than as a long-term investment that will ultimately generate cost savings and will help make the country more attractive to entrepreneurs and other businesses. Finally, to the extent Germany has been unable to develop a common e-government policy or bundle the financial and personnel resources across different levels of government, vertical cooperation in German governance remains insufficiently developed to meet the demands of e-government.

3.3.1 E-Government at the Federal Level

The introduction of e-government was made a priority of federal administrative reform in 1998,³⁶ and ensuing government administrations have more or less continued along the same path. The e-government policy of the administration elected in 2005 may be considered as an example of successful administrative reform, as it is focused on making government administration more efficient, reorganizing cooperation within the machinery of government, and reducing governmental administrative costs. The project titled "Bund Online 2005" was designed to allow most federal agencies and their constituents to conduct business electronically and was successfully completed by the end of 2005. Currently, more than 440 services of federal administration authorities are available online.³⁷

In September 2006 the federal government started its new program known as E-Government 2.0. The aim of this program is to make e-government more oriented toward national economic needs and to improve the transaction character of online services. The federal government has also identified four actions by which it envisages continued administrative modernization through 2010: (1) need-oriented, qualitative, and quantitative development of federal e-government services; (2) electronic cooperation between economic actors and government administration through common process chains; (3) introduction of an electronic identity card and development of e-identity concepts; and (4) development of a secure communication infrastructure for citizens, enterprise, and administrators at all levels of government.

3.3.2 *E-Government at the State Level*

All German *Länder* have developed and implemented master plans for the introduction of e-government. This has often been accomplished through close cooperation with municipalities, counties, and county-free municipalities. The goal is to be able to offer citizens a common platform for all public services despite the numerous administrative levels and branches of government.

It is impossible to sum up all the e-government activities occurring at the *Länder* level. However, the following examples are provided to give an impression of some of the current trends. First, the police in Baden-Württemberg received the European e-Learning Award in 2006 for its e-learning program. Second, Bavaria actively promotes the development of e-government in the fields of public education and registration. In Lower Saxony, all laws, regulations, and administrative regulations are now available online and free of charge. And finally, Bremen has used technology to focus particularly on certain service product categories such as residential registration and construction and on applications outside the municipal administration (e.g., the collection of debts for collection in studies in higher education). Within these contexts, Bremen has developed many useful applications, including the use and distribution of signature cards.

3.3.3 *E-Government at the Local Level*

At the local level, the importance of e-government is becoming increasingly recognized as well. For example, in the three model regions of Bremen, Esslingen, and Nuremberg, the vision of a “virtual city hall” has been tested since 2000. And by 2004, more than 300 local public services for citizens and enterprises were made available online in these communities.

However, despite the successful use of technology in these model regions, local e-government in Germany is often characterized by planning and implementation deficits. Most German municipalities are offering information and interaction online, but the lack of e-government strategies, financial bottlenecks, and different standards and technologies make it difficult to further develop local e-government.³⁸

There are, however, two positive examples that illustrate the federal government’s commitment to assist local government efforts to adapt to the use of e-government. First is the MEDIA@Komm project, which was started in 1998 and completed in 2002. Through this project, the federal government tried to help municipalities to adapt their local services to accommodate an e-government platform. The follow-on project, MEDIA@Komm-Transfer, is part of the Germany-on-Line program. MEDIA@Komm-Transfer serves as a good starting point for implementing a countrywide, citizen-focused, and efficient e-government portal at the level of local authorities.

3.4 Public–Private Partnerships

Public–Private Partnerships (PPPs) are regarded as modern instruments for making public administration more efficient. In this perspective and mainly because of its limited financial resources, the state is no longer seen as the unique producer of public services. Rather, in PPP, the state assumes the role of overseer and guarantor of service delivery. PPP projects are intended to help the state cut back and avoid investment bottlenecks by attracting private money and reducing costs, thereby allowing for future increased growth and employment. It is envisaged that the efficiency of PPP projects will increase by means of long-term cooperation between public authorities and private enterprise.

Therefore, PPP projects are becoming increasingly important to administrative reform in Germany.³⁹ More than 300 PPP projects concerning providing various public services and improving public infrastructure have been planned or realized since 2000, representing an investment volume of more than 7 billion euros. With the experience of successful PPPs in its recent past, it appears that Germany is committed to the development of a dynamic PPP market in the foreseeable future.

3.4.1 Public–Private Partnerships at the Federal Level

The federal government considers PPP projects as promising and efficient tools for making investments, especially in the field of public infrastructure. It has plans to increase its share of public investments by up to 15 percent. In real terms, this corresponds to an annual investment volume of between 5 and 6 billion euros. The majority of this investment is being planned to support the construction of additional motorways across Germany through the use of PPP.

3.4.2 Public–Private Partnerships at the State Level

PPPs are frequently used by the *Länder* to improve service delivery while reducing costs. Eight of the 16 German *Länder* established specific steering institutions to support PPP projects. For example, Baden–Württemberg, North–Rhine/Westphalia, and Hesse have established PPP task forces; Lower Saxony and Schleswig–Holstein each have developed a PPP Centre of Excellence; and Bavaria and Thuringia each have established PPP working groups. The primary purpose of these PPP-oriented institutions is to create networks of companies, associations, and institutions active in the PPP market to further promote and advance partnerships between public and private organizations.

3.4.3 *Public–Private Partnerships at the Local Level*

At the local level, municipalities across Germany have increasingly separated their public utilities from their core administration. They established corporate holding structures and transformed their local enterprises into companies with their own legal status. Each German municipality currently has an average of approximately 20 separate entities, employing more than 50 percent of their workforce. Today about 40 percent of all companies owned by local governments have at least some private shareholders. Within this context, these companies may be regarded as institutional PPP projects.

3.5 *Reforming the Public Service*

Improving human resource management is a central aim of German administrative reforms. In total, German public administration employs a staff of almost 4.6 million.⁴⁰ About 12.5 percent of all German workers are employed in the public service, which is a relatively small number by international comparison. Thus, among the OECD countries, Germany is at the bottom of the list when it comes to the number of public service employees as a proportion of total employment.⁴¹ In 2002, approximately 58 public servants per 1,000 inhabitants worked for the public authorities. This is the same level as in 1960.⁴² These data suggest that if one takes into account the increased number and increased complexity of tasks performed by public administrators today, German public administration appears to be working more efficiently than in the past, despite the downsizing of personnel and reductions in personnel expenditures.

3.5.1 *Public Service Reform at the Federal Level*

In the past, the German federal government was the biggest public employer in the nation. For example, 40 percent of all public employees worked for the federal government in 1950. In contrast, with only 12 percent of the public workforce in 2005, the federal government now represents the smallest public sector employer in Germany. The federal government now employs 532,000 public employees, of which 185,200 are military personnel. Unfortunately, due to the German budget crisis, the reduction of personnel costs is the central issue in efforts to reform the federal administration. As a result, since 1998 roughly 30,000 positions have been eliminated, resulting in a staff reduction of 9.5 percent. In addition, approximately 7,800 positions were recently reclassified as indirect federal positions when the relevant authorities were privatized (such as the Federal Office of Real Estate or *Bundesanstalt für Immobilienaufgaben*).

In 2005, the new Collective Agreement for the Public Service (TVöD) was developed between the federal government and the German trade unions. This

agreement, which included input from the local authorities, completely overhauled the laws governing public service employees. It was envisaged that this major overhaul would improve major functions in German public administration such as performance, service orientation, flexibility, and transparency. As it now stands, wages for public servants are based solely on individual performance and occupational experience. Consideration of nonperformance-related components, such as advancement based on length of employment, age, family status, and number of children, no longer has a role in salary decisions.

Starting in 2007, a variable performance component will also be added to public employees' base pay. It is hoped that improvements in earning potential will make the public service more attractive to junior staff. It will also be possible to tailor regulations specifically to fit special branches of administration, such as hospitals, airports, savings banks, and waste management units. In addition, improved personnel management and leadership responsibility are expected to develop through fixed-term management contracts and the use of probationary management positions.

3.5.2 Public Service Reform at the State Level

In accordance with their important status within the German administrative system, the German *Länder* employ more than 45 percent of all public employees, which equates to 2.1 million individuals. In 2006, the *Länder* governments signed an agreement with the trade unions concerning their public employees. And although the conditions of this agreement are slightly different from the federal government's TVöD, the basic philosophy and objectives concerning improving German public administration underlie both documents.

3.5.3 Public Service Reform at the Local Level

The local authorities in Germany employ 29 percent of all public employees. In real figures, this represents 1.3 million persons. The conditions of employment within local government agencies are the same as those employed by federal institutions. However, despite improved terms of employment as articulated in the TVöD, the absolute number of employees at this level of government administration has declined since 1990 by more than 700,000.

4 Conclusions

Modernization continues to be an ongoing and challenging task for every level of German public administration. In light of four popular models of public management reform, which include maintaining, modernizing, marketing, and

minimizing, Germany may be described as a mixture of maintaining and modernizing.⁴³ However, because of the traditional German administrative culture, bureaucratic change remains largely path dependent. Administrative reform in Germany has taken the well-known form of incremental self-adaptation by the bureaucracy. Incremental reforms have been driven by changing environmental demands and have been defined by the socioeconomic crisis, the fragmentation of the party system, and the crises of the public budgets and the welfare state.

Two very different perspectives may best describe the present nature of German public administration. On one hand, it remains basically Weberian. The concept of a legal-rational polity with a bureaucratic staff is still dominant. None of the changes described in this chapter can be regarded as fundamental or comprehensive. Hence, administrative continuity in Germany refers not only to the pattern of ongoing adaptation but also to the persistence of long-established structures, principles, and procedures. On the other hand, however, German public administration has definitely changed since 1990. It has become more decentralized, outsourced, cost conscious, and customer friendly. Administrative reforms have increased to some degree the efficiency, effectiveness, legitimacy, and accountability of the political-administrative regime. Thus, one may conclude that German public administration is not as old fashioned as is sometimes assumed. Indeed, in some aspects, German public administration may actually represent one of the more modern administrative systems within the EU.

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Chapter 5

Ireland: Modernization as Opposed to Radical Reform

Bernadette Connaughton

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1 Introduction

Reform of the Irish civil and public serviceⁱ is predominantly a process initiated in the 1990s and reflects recognition of the need to stimulate modernization, as opposed to radical change driven by ideological factors illustrated in the UK experience. *Modernization* is a term used extensively to explain and justify contemporary changes in the structure and operation of public services,¹ and it is increasingly used to describe the changes that have taken place in the Irish administrative system in the past decade. An injection of new thinking has been apparent since the mid-1990s when the increasing complexity of economic and social developments was straining the capacity of the public service to contribute to national development and deal effectively with the impact of European integration on the policy-making process. This discussion aims to illustrate some of the principal changes and reform processes that have occurred in Irish public administration in the past 20 years. It is argued that the Irish reform experience is conditioned not by one overarching unified reform program but rather by a combination of drivers and reform efforts over time reflecting the modernization of economy and society.

Ireland is a small state on the western periphery of Europe with a population of 4.235 million.² Its socioeconomic landscape has changed considerably since the economic crisis of the 1980s, as Ireland has become increasingly integrated into the European economy and reflects a progressively more urbanized and multicultural society. Employment trends have also changed, with unemployment figures in 2006 at 4.2 percent, which sharply contrasts with 15.7 percent in 1993, and a changing employment profile with numbers employed in traditional agriculture and manufacturing in decline and employment in the services sector growing considerably.³ The exceptional growth in the Irish economy in the past decade has prompted the interest of other states in emulating the success of the “Celtic Tiger.”ⁱⁱ However, the negative aspect of this economic success is that public services and welfare provisions have not kept pace with living standards, population increases, and a growth in expectations. For example, Ireland was ranked second to last in a recent European health care survey in terms of responsiveness and value for money offered to consumers in the health care sector despite the unprecedented direction of resources into this policy sector since 1997.⁴

Ireland’s public sector reform experience is such that civil servants were perceived not as part of the problems of government but rather as part of its solution, and public perception of civil and public servants is generally positive with high levels of trust.⁵ As with other small states, globalization and involvement with international organizations have played an important role in the dissemination of reform ideas and the generation of good practice. In the Irish case it was also internally acknowledged that public administration could benefit from adopting aspects of the model of corporate governance to deal more effectively with increasing public expectations of better service. To a large degree the model of public administration inherited following independence in 1922 had not significantly kept pace

with practices and changes of other Organisation for Economic Co-operation and Development (OECD) and European Union (EU) states to reflect contemporary governance challenges. Senior civil servants have been directly involved in driving the reform process that began via informal developments in the civil service and resulted in a blueprint for a program of change known as *Delivering Better Government* (1996). In other countries, reform programs have predominantly been the prerogative of the politicians,⁶ whereas in Ireland politicians endorsed them.

This chapter argues that the impact of EU membership, the commencement of new forms of policy consultation and policy formulation through “social partnership,” and the launch of a process to deliver a strategic management approach to delivering better government have been the principal drivers of public sector modernization. This chapter is organized in three parts: first some background on the Irish politico-administrative system is provided, and this is followed by an analysis of the three drivers of reform identified above. The final section reflects on the nature and extent of the modernization process in Ireland.

2 Inheritance of the Westminster Model and Limited Reform: 1922–1994

The Irish state established upon independence in 1922 was a parliamentary democracy, its law based on common law and legislation enacted by the parliament under the constitution. The main features of *Bunreacht na hÉireann*, 1937 (replacing the constitution of the Irish Free State in 1922), included the republican and unitary nature of the state, separation of powers, and a bicameral legislature (the *Oireachtas*), which is composed of an upper house whose role in the legislative process is quite restricted (*Seanad Éireann*) and a lower house (*Dáil Éireann*), together with the government and independent court system. The head of government is the *Taoiseach*, and the head of state is the president, who is elected by the people every seven years. The influence of British tradition was evident in that the parliament, government, and bureaucracy were consciously modeled on British institutions.⁷

The politico-administrative system was an extremely centralized one whereby the system was based on a strong central executive with subordinate local authorities answerable to and financially dependent on the center. The lack of attention to reform of subnational government continued for decades, and it was not until following a referendum in 1999 that a constitutional provision for local government was included in *Bunreacht na hÉireann*.

In the years following the establishment of the state, numerous administrative demarcations were created for functions such as health, tourism, and regional development, but they became an unwieldy and poorly coordinated network of agencies both within and between the network of local authorities. This has prompted descriptions of a “jungle of administrative areas”⁸ that was inefficient

Table 5.1 Main Civil Service Grades as of December 31, 2003 (Whole-Time Equivalents)

| <i>Grade</i> | <i>Number</i> |
|--------------------------|------------------|
| Secretary general | 17.00 |
| Deputy general | 3.00 |
| Assistant secretary | 134.00 |
| Principal | 591.35 |
| Assistant principal | 1,674.58 |
| Administrative officer | 237.05 |
| Higher executive officer | 2,762.18 |
| Executive officer | 3,805.02 |
| Staff officer | 1,323.10 |
| Clerical officer | 10,115.34 |
| Total | 20,662.62 |

Source. Adapted from *Institute of Public Administration (IPA) Yearbook and Diary, 2007.*

and unfathomable to the ordinary citizen. One of the ironies of this administrative complexion is that clientelismⁱⁱⁱ is a distinctive characteristic of the Irish political culture, and local politics, therefore, have a distinct impact on the centralized state despite the emphasis on *ultra vires*^{iv} and weak subnational influence.

The Irish civil service is small by European standards, and approximately 20,663 officials were serving in the main general service grades on December 31, 2003 (see Table 5.1). It is a career system whereby the engagement of higher civil servants in politics is forbidden. The statutory position with regard to recruitment and regulation was governed by the Civil Service Commissioners Act 1956, amended recently by the Public Service Management (Recruitment and Appointments) Act 2004.

Another distinctive feature of the Irish system is ministerial responsibility, which was embodied in the Ministers and Secretaries Act of 1924, providing the statutory classification of functions of government under departments of state. Each government minister is in charge of a specific department and is constitutionally responsible for the administration of that department. The minister in charge of each department was designated a “corporation sole,” meaning that he or she could sue and be sued as the corporate entity rather than as an individual.⁹ From a legal point of view, the civil service was seen to play a subservient role; thus parliamentary control of the civil service has been indirect in nature, occurring through the ministers and the government. This system has clearly had a major impact on the way in which the civil service does its work and has bred an overly cautious

approach aimed in particular at ensuring that the minister is not embarrassed by civil service decisions or actions.¹⁰ Instead of being preoccupied with broad questions of policy making, ministers therefore became burdened with matters of detail, and it is unsurprising that managerial accountability has been weak and dealt with internally within the departmental hierarchy and that civil servants are rarely held to publicly account for their actions or inactions.¹¹

Until the mid-1990s, several ad hoc reforms took place, but the system adopted upon independence remained largely intact. The first significant reform initiative, the *Devlin Report*, was presented in 1969 following major changes in economic planning that occurred in the wake of the publication of the influential Minister for Finance T. K. Whitaker's *Economic Development* (1958) and implementation of the first five-year development program in the 1960s. The Public Services Organisation Review Group (PSORG or Devlin Committee) (1969) questioned the capacity of the Irish administration to cope with the demands of an increasingly industrial and urban society. It analyzed the issue of political control and delegation in terms of the burden of administrative work falling upon ministers and higher civil servants, and provided an overall blueprint for change.

In particular, the *Devlin Report* diagnosed two defects in public administration—inadequate emphasis on policy making and lack of coordination within the civil service as a whole. This report was not implemented, however, and reform was not taken up again until the mid-1980s, when a White Paper, *Serving the Country Better* (1985), emphasized the necessity to change the administrative process and invoke more attention to management principles and value for money. Although these ideas were popular, they were shelved, as in the late 1980s reform became associated with reducing the size of the civil service in a period of fiscal rectitude to the neglect of structural and operational improvements.

The establishment of the modern Irish state and the experience of administrative reform until the 1990s reflected a system, therefore, that remained steeped in British practice, rigid in organization and method, and demonstrated a pragmatic policy style. It may therefore be stressed that the characteristics of the existing political and administrative systems act as shaping influences over processes of management change.¹² The central government organized into departments structured along sectorally differentiated lines, and the weak subnational government system together produced an administration that served the public relatively well but within which operational deficiencies and a lack of interdepartmental coordination existed. Senior officials did not cultivate an elite cadre, as in the case of the British civil service with its Oxbridge tradition, and the conservative political and religious circumstances of the new state affected the nature of public policy decision making. The nature of the relationship between politicians and the civil service had the effect that the civil service was largely its own keeper with regard to administrative reform and, as a consequence, it resisted change.¹³

3 Drivers of Administrative Reform

As noted, there was a lack of change generally within Irish public administration until the 1990s. By that point a combination of factors came together to stimulate pressure for public sector reform, and a modernization program grounded in the traditional core objectives of the civil service was introduced. In relation to changes in the Irish political and policy-making system, the greatest reform impacts following independence have stemmed from three interdependent factors: membership in the EU (1973), social partnership and its explicit bargain of economy-wide wage moderation in exchange for tax cuts (1987), and embracement of aspects of New Public Management via a strategic management approach for delivering better government (1994).

3.1 *Europeanization*

It has been asserted that “EU membership represented for Ireland the achievement of a roof or a shelter for its national project of ‘modernisation’ initiated in the late 1950s.”¹⁴ Although formal governmental structures have remained largely unchanged,¹⁵ EU membership has prompted institutional innovation and, more particularly, changes in principles that underpin the processes and procedures of policy making. Membership in the EU thus remains a significant formal and informal pressure for administrative reform through the challenges encountered in the implementation of EU policies such as environment, equality, and internal market.

In the main, administrative management of the EU’s policy process in Ireland has been less institutionalized than is the case in other member states, with fewer interdepartmental committees and less frequent meetings than in larger member states. The early years of participation in the EU decision-making process placed a heavy burden on the Irish public sector, which was relatively unprepared.¹⁶ Requirements of the EU policy-making process have become embedded within the general business of Ireland’s governmental departments over time, though the characteristic of departmental autonomy has remained. Managing the course of EU negotiations, however, requires strategic action because the EU policy process involves making linkages and determining priorities across different policy sectors. To this end, the perennial question for practitioners of government administration, namely, “the administrative Holy Grail of coordination and horizontality,”¹⁷ is significant for the effective management of EU business.

Prior to 1992, coordination mechanisms were distinctly informal, and interdepartmental committees were set up on an ad hoc basis because resources were scarce and the relatively small numbers of senior civil servants facilitated informal contacts. Efforts to promote interdepartmental coordination have been strengthened since the 1990s through the establishment of a Senior Officials Group and,

since 2002, an Interdepartmental Coordinating Committee on European Union Affairs under the chairmanship of a Minister for State at the Department of Taoiseach. The International Division in the Department of Taoiseach is also involved in policy making (which is primarily the responsibility of other departments) because of its preoccupation with “high politics” in concert with the Foreign Affairs department and the Taoiseach’s role in the European Council.

In spite of the evolution of these structures, there are anticipated conflicts between dealing with day-to-day demands of administration and having to keep a strategic “eye on the ball” in respect to EU affairs. The rejection of the Nice Treaty in a referendum held in June 2001 illustrates this and constitutes a “critical juncture” in Ireland’s membership of the EU.^v From a reform perspective these developments prompted greater attention to the coordination of EU affairs and the handling of crosscutting issues in a more coherent and structured way, coupled with the enhancement of the role of the *Oireachtas* committee on EU affairs within the politico-administrative system. Laffan and O’Mahony have commented, “Following the original circular on the management of EU business in 1973, the guidelines on *Oireachtas* scrutiny are the next most significant formalisation of the management of EU business in Ireland.”¹⁸

Despite the generally perceived informal and pragmatic nature of administrative adaptation to manage Brussels affairs, the complex EU *acquis* has resulted in the formal creation of new institutions and networks coupled with evidence of new learning. For example, the impact of the EU is felt particularly in regulatory policy areas and is evidenced in the adoption of relevant legislation and the increase in regulatory agencies. One such development is the establishment of the Environmental Protection Agency (EPA) in 1993. The EPA is an independent organization that provides scientific advice and regulates the activities of the public and private sectors in the environmental sphere. National agencies such as the EPA and the Equality Agency are part of a wider network of European regulatory agencies. These developments not only reflect the impact of the EU but also reflect administrative reforms that became necessary as the Irish economy and society modernized.

In terms of territorial administration and politics, the EU has had an ambiguous impact¹⁹ yet has prompted more change than any other modernization influence. EU structural funds^{vi} stimulated territorial reform, not just sectoral reform, and prompted efforts to dilute the highly centralized nature of Irish public policy making. Engaging with EU regional policy has therefore contributed to changing the basis on which intergovernmental relations operate in Ireland and advancing institution building at the subnational level.²⁰ Most visible is the creation of eight Regional Authorities (since 1994), which coordinate some of the county, city, and subcounty activities and play a monitoring role in relation to the use of EU structural funds.

Following a decision to split Ireland into two regions in 1999, two Regional Assemblies were created under new structures for regionalization. They manage regional operational programs in the Community Support Framework

(CSF)(2000–2006) and monitor the general impact of all EU programs of assistance under the CSF. The initial lack of routines to involve state actors implied a lack of change, but the social partnership changes in national policy formulation (discussed next) have altered relationships between state and interest groups. This was supported by the European Commission’s encouragement of the partnership principle and the strategic integration of an assortment of policy initiatives encompassing a variety of nonstate actors contained within consecutive National Development Plans.^{vii}

The new principles of partnership, concentration, programming, and additionality drew attention to the need for inclusive decision making, and it would appear that “Europeanisation has led to the co-existence of centralised political institutions with new codes and guidelines for governing that advocate the sharing of responsibility for government between a range of policy stakeholders.”²¹ In addition, a culture of evaluation and transition from annual to multiannual budgeting has been fostered within the administrative system, with Ireland being praised for its innovation in methods of analysis.²²

3.2 Social Partnership

In addition to EU accession, reform of Irish public administration has also been conditioned by the introduction of the social partnership approach as stimulated by domestic economic management. Attempts to construct a tradition of tripartite^{viii} wage agreements were not successful until 1987, when the concept of social partnership was introduced and revised interpretation of the main aspects of Ireland’s government and policy making.²³ The system of social partnership^{ix} involves trade unions, business and employer organizations, agricultural interests, and more recently community and voluntary groups reaching wage agreements to advance economic stability. It is widely agreed that the series of pay agreements introduced during economic crises have helped stabilize industrial relations and subsequently assisted with keeping the economy stable during an economic boom when real earnings increased.²⁴ Table 5.2 identifies the names and time frames of the seven social partnership programs that contained the aforementioned pay agreements and contributed significantly to a stable Irish economy.

The principal feature of past agreements is based on an increase in basic pay rates in both public and private sectors, combined with changes to the tax system to raise disposable income and rooted in commitments to ensure greater harmony in industrial relations. Over time, however, social partnership has become part of decision-making and implementation processes whereby its emphasis on building consensus around key economic and social policy objectives has shaped the way in which policy making is now undertaken in Ireland. Therefore, social partnership is similar to the corporatist policy processes in continental European and Scandinavian countries in which a consensus on economic and social policy is advanced and

Table 5.2 Social Partnership Agreements

| <i>Program</i> | <i>Duration</i> |
|--|-----------------|
| Programme for National Recovery | 1987–1990 |
| Programme for Economic and Social Progress | 1991–1993 |
| Programme for Competitiveness and Work | 1994–1996 |
| Partnership 2000 | 1997–1999 |
| Programme for Prosperity and Fairness | 2000–2002 |
| Sustaining Progress | 2003–2005 |
| Toward 2016 | 2006–2016 |

agreement is followed through to proceed with a program of policy objectives.²⁵ For some commentators, Ireland's social partnership goes beyond continental corporatism in several important ways, because it is more inclusive insofar as it covers a large array of social interests, it is more strategic, and it is more firmly institutionalized.²⁶ Moreover, there has been a tendency for each successive agreement to cover a wider and more diverse range of policies including infrastructure, the environment, poverty, health, and equality.

The process has undoubtedly injected greater expertise into the policy-making process with the engagement of a wider array of actors, and the model has been repeated at various other fora and levels. It should be acknowledged, however, that the government is not a neutral referee in this process, because it has a serious stake in relation to public service pay and conditions. In relation to administrative reform, it is acknowledged that the various social partnership agreements have played an important role in driving the modernization program across the public service through the implementation of performance management and development systems.²⁷ Social partnership agreements have also played an influential role in specifying key commitments to be achieved for each sector of the public service. For example, the social partnership program Sustaining Progress set out a mechanism for verifying progress at specific sectoral, organizational, and civil service grade levels through the establishment of Performance Verification Groups for each sector. Such developments imply that social partnership has become embedded in the governmental process and that the whole of government as expressed in the ethos of the Strategic Management Initiative is strengthened by social partnership.²⁸

Formal institutional innovation also reflects this, and the role of the National Economic and Social Council (NESCC), an advisory body that predates the social partnership agreements, plays a strategic role in the analysis of contemporary economic and social challenges in its reports. The thrust of its role is to ensure that these concerns are dealt with in an integrated and interdependent fashion. What distinguishes the NESCC from other governance mechanisms is that its reports have

become integral to the policy-making process and are the foundation on which social partnership builds its next agreement.²⁹

Ireland's administrative system provides continuity and coordination of these agreements through the Department of Taoiseach, and the secretary general of that department is also the chair of the NESC. The changing focus of the social partnership agreements reflects how the economic and social environment in Ireland has transformed from the management of fiscal crisis to booming economy and the different range of problems associated with these respective socioeconomic conditions. Institutional adaptation and a widening array of actors have also followed within the partnership mechanisms, and in addition to NESC there is now an Economic and Social Forum (NESF). Established in 1993, the NESF was designed to contribute to the formulation of policy, in particular policies concerned with unemployment, equality, and social exclusion. The NESF has contributed to the social partnership agreements since 1998 and, with implementation of the *Partnership 2000* agreement, provides a forum for community and voluntary interests that gained direct representation through this agreement. This broadening of the process and the regional extension of the social partnership in locations of high unemployment and social exclusion through Area Partnerships reflect the development of new networks and changing patterns of governance.

The most recent institutional contribution to the social partnership structure is the National Centre for Partnership and Performance (NCPP) (2001), which promotes the partnership concept in the workplace. The NESC, NESF, and NCPP structures and their collective modus operandi have been referred to as a "unique set of institutional innovations for creative, dynamic and self-reflexive governance for social and economic development."³⁰ In addition, legislation was passed in 2006 to establish a National Economic and Social Development Office, which aims to coordinate the work of the three institutional structures more closely.

Although the innovations and apparent institutionalization of the social partnership deserve credit for Ireland's improvement in economic management since the late 1980s, social partnership is not an automatic process. Despite fostering a culture of consensus building, the agreements since 2000 have emerged from long and complex negotiations with speculation that the process was floundering because of dissatisfaction among some of the represented interests. For example, grievances with public sector pay at the height of the Celtic Tiger threatened to destabilize *Partnership 2000* when teachers and nurses sought pay increases beyond the terms of the agreement. In recent negotiations employment rights proved the most difficult strand of negotiation following a bitter industrial relations dispute at the Irish Ferries company in 2005.^x

It is also evident that social partnership has not lived up to its image of social inclusiveness, thus prompting comments from sociologist Kieran Allen that it is a myth that has resulted in "flexploitation" whereby the incorporation of union leaders into partnership structures has given the ruling elite a free hand to continually push for more flexibility while social services and quality of life have deteriorated.³¹

The transparency of associated processes has also been brought into question, most notably that of the Public Sector Benchmarking Body, which awarded an average 8.9 percent pay increase to public sector employees in 2002. The relevant benchmarks for these increases were not made public and drew heavily on management jargon with little specific information on how these conclusions were reached or how increased productivity would be obtained.

Although sometimes referred to as a “nebulous policy instrument,”³² the partnership agreements have been effective in drawing what were fragmented unions into a single bargaining framework and contributing to a model for administrative decision making and implementation in other fora. The most recent agreement, *Towards 2016*, represents a shift in the way social and economic policy is formulated in Ireland. In place of the traditional pay deal with social objectives added on in a three-year agreement, it sets out a ten-year strategy and places emphasis on the necessity to maintain competitiveness. The agreement also contains significant public service reforms that state employees must support to qualify for basic pay increases. These reforms for the first time include removing a ban on outsourcing core public service work and openly advertising a certain percentage of senior civil service posts. When considering the content of and actors engaged in social partnership, it is clear that the nature of agreements initiated since 1987 has certainly changed, and agreements are now driven by broader reform concerns and an evolving institutional framework.

3.3 Developing Strategic Management and Better Government

As indicated, the changes stimulated by participation in the EU and the initiation of the social partnership process promoted reform and innovation, but this was not mirrored in all departmental structures or horizontal coordination. By the mid-1990s there was little evidence within the Irish system of the more pronounced aspects of managerialism implemented in other Westminster-type systems under the banner of New Public Management. Many aspects of the human resource and financial management systems within public administration were regarded by officials as outdated and unsuited to current needs and developments. It would appear therefore that the need to focus more concretely on the interdependence of Ireland’s politico-administrative systems and its economy, and the interdependence of Ireland’s public and private sectors, was palpable because the organizational and institutional mechanisms with the capacity to identify and mediate these changes were not in place.

In 1994 the Taoiseach Albert Reynolds launched a process to underpin an emphasis on management change called the Strategic Management Initiative (SMI). The provision of better services, greater efficiency, and value for money by public bodies to the broad range of customers they serve was a central tenet of the

Table 5.3 Directions in Ireland's Administrative Reform

| <i>Legislation</i> | <i>Year</i> |
|--|-------------|
| The Comptroller and Auditor General (Amendment) Act | 1993 |
| Launch of Strategic Management Initiative | 1994 |
| Ethics in Public Office Act | 1995 |
| Delivering Better Government | 1996 |
| The Public Services Management Act | 1997 |
| Freedom of Information Act | 1997 |
| Quality Customer Service Initiative | 1997 |
| Management Information Framework Initiative | 1999 |
| European Union (Scrutiny) Act | 2002 |
| Public Service Management (Recruitment and Appointments) Act | 2004 |
| Civil Service Regulations (Amendment) Act | 2005 |

program. In tandem the strategy promoted a shift from a culture of secrecy underpinned by the Official Secrets Act 1911 to a culture based on openness. In all, it was felt that there should be more attention to features of the model of corporate governance within Irish public administration and that such changes needed to be addressed within a legislative framework. The scope of administrative reform is illustrated in Table 5.3, which outlines the relevant legislative changes since 1990.

In March 1995, the government requested a coordinating group of secretaries to “review existing systems for making decisions, allocating responsibility and ensuring accountability in the Irish Civil Service.”³³ Recommendations, albeit within the thinking and principles that had informed earlier attempts at reform, were made for a set of mechanisms for facilitating and mandating change. These officials focused to a large degree on reform processes and outcomes in New Zealand and Australia, while taking into account the likely success of transferring such practices to Ireland. *Delivering Better Government* was published in 1996 and sets out a strategic framework for change specifically within the civil service but with the intention of broadening the process to the wider public service to fully contribute to national development. The central precept of this report was the promise of greater openness and accountability, a mission of quality customer service, and efficient and fair operation of simplified regulations.

Greater attention to the features of corporate governance implied necessary amendment to the Ministers and Secretaries Act of 1924. This was addressed by the Public Services Management Act of 1997, which, drawing from the New Zealand experience, set out to enhance the management effectiveness and transparency of departments and provide for increased accountability of civil servants through the setting of key objectives and outputs, strategy statements, and business plans. The crux of this act is the intention to allocate authority and accountability for service

delivery to those who provide the service and develop a performance management culture and a results-oriented approach to decision making. In terms of roles and responsibilities, the role of the secretary general as an accounting officer is outlined in section 4 of the act, but it is questionable as to whether this is balanced with the constitutional requirement of governmental accountability to parliament. Peters and Pierre stressed that administrative reform has had a profound impact on the nature of politics within the public sector.³⁴ However, in the Irish case it may be argued that despite some greater clarity, interactions between ministers and senior civil servants still remain a largely gray and undefined area. The Irish model continues to be based on the principle that ministers are collectively accountable for the performance of the functions assigned to their departments and that secretaries general are accountable to their ministers. To a large degree, public management reform in the context of “letting the managers manage” does not alleviate the complexities of these relationships or necessarily sharpen accountability; instead, it would appear to complicate rather than clarify the nature of these relationships and accountabilities when controversies arise.^{xi}

Embedding the strategic management process in the day-to-day management and operation of government organizations is therefore challenging.

Further support for the implementation of Ireland’s modernization program was set out in the *Programme for Prosperity and Fairness*, through which an Implementation Group of Secretaries General undertake administrative oversight of the program and a Public Service Modernisation Division works in close cooperation with the Department of Finance. The SMI remains the bedrock of the modernization program, and the findings of an external evaluation undertaken in 2002 signalled that the civil service had evolved into a more effective organization but that implementation was incomplete.³⁵ Nonetheless, it is evident that significant modernization of Ireland’s civil service has occurred. As recently as 15 years ago, regulatory reform did not exist, and only a limited number of departments would have produced a business plan based on a statement of strategy or regarded the public as customers—let alone have established customer charters. However, it has been acknowledged that although progress had been made on the more outward-facing themes, little progress had been realized on the more technical corporate support services.³⁶ This has been remedied by some advancement on the latter with a Performance Management and Development System (PMDS), granting further delegation of financial authority to individual ministers within agreed parameters and criteria, and the introduction of accruals accounting.

This managerial focus on efficiency and effectiveness is somewhat at odds with the surprise announcement in December 2003 to decentralize the majority of central administration outside the capital city of Dublin. Decentralization was aimed at providing opportunities to enhance the modernization process, but from the very beginning it has encountered resistance from the civil service unions and fallen behind in its (costly) implementation. Proposals to decentralize central government administration involve the relocation of more than 10,300 posts within civil service

departments, offices, and agencies to more than 50 locations across 25 counties throughout the state and involve at least 8 government departmental headquarters to be moved from the capital. For a small state it is logical to assume that this process could damage the coherence of government and result in fragmentation and inefficiency. Major policy-making and implementing departments depend on networks of policy knowledge and flows of information that require close physical proximity to operate. In addition, despite the learning achieved as a result of managerial reform, it would appear that no adequate risk assessment took place to assess the decentralization project. Furthermore, it does not optimally fit with Ireland's *National Spatial Strategy 2002–2020* for regional economic development. The process is thus likely to produce significant wasted resources because those due for relocation cannot be forced to move from Dublin and must be replaced. This will produce direct and indirect costs, principally through significant increases in public pay. Such an approach appears in stark contradiction to the rhetoric and practice of reform introduced over the past decade.

4 Modernization, Reform, and the Neo-Weberian State?

In sum, Ireland's reform experience reflects a top-down process initiated in the 1990s and borne from the necessity to adapt to the exigencies of EU membership, economic challenges, and wider modernization. Efforts to manage these processes have evolved through a form of neocorporatism known as social partnership. Reform is characterized by formal and informal processes shaped by the culture, small size of the Irish administration, and opportunities afforded by Europeanization.

As illustrated above, Ireland did not have a tradition of legislative change to guide reform. In contrast to many OECD countries, no major changes had been made to the basic structures and operating principles of Irish public administration in the decades following independence. Membership of the EU provided a vision for the civil service to move away from its historical legacy and stimulated modifications to the nature and practice of public administration—but it did not revolutionize its implementation habitat. As indicated, policy-making structures and processes were nudged into change but with a distinct element of path dependency. For example, decentralization has occurred whereby formerly centralized power is shared with subnational administration but centrality remains dominant. Second, there is evidence of new patterns of governance with the participation of a wider array of actors from the private sector and civil society but the system remains clientelistic and highly localized. However, adaptation to EU policy requirements is complemented by attempts to embed the partnership approach in the core of the governmental process whereby “social partnership has become the *implementation mechanism* for the integrated approach to social and economic development.”³⁷

Following international trends, political and administrative concerns with the effectiveness of the public management system prompted the SMI in 1994. This process is ongoing and necessary to cope with the complex nature of the policy process and the management of interface with the European Commission in the longer term.

Ireland's reform experience has been different from other Westminster-type systems in that ideologically driven, radical market reform has not been a central plank of its program, unlike practices in the United Kingdom or New Zealand. As noted, the contemporary stimulus for the SMI came from senior civil servants benefiting from the hindsight of service and their information networks within the EU and OECD before the political establishment placed it on the formal agenda. In the mid-1990s these elite perceptions suggested a new philosophy was necessary, a philosophy that would draw from best business practices and the areas of strategic and corporate planning. The reform program has been less overtly political than in other states, and all the main political parties have supported the SMI initiatives. The current junior coalition partner, the Progressive Democrats, differ in that it openly pursues a neoliberal agenda that advocates for a greater role for the market as opposed to increased government intervention in reform.

In the case of Ireland, reformers have tended to select reform measures for pragmatic purposes and lesson learning to promote better governance. The emphasis is modernization but with an ethos whereby traditional values of service are preserved and the coherence of government is maintained (though this appears to be challenged by the philosophy of the proposed decentralization initiative). To a certain degree, attempts to modernize public administration align with Pollitt and Bouckaert's definition of modernizers as "those who believe in a large role for the state but acknowledge the need for fairly fundamental changes in the way the administrative system is organised."³⁸ These changes focus on reforms such as budgetary modifications, a slackening of personnel inflexibilities (but not the abandonment of the concept of a distinctive career public service), and a strengthened commitment to improving the quality of public services to citizens. Placing greater emphasis on strategic planning is a further characteristic of such a trajectory. Evidence of this approach is clearly apparent in recent legislation and moves toward professional performance-oriented management predicated on the distinctiveness of public service provision.

However, to what extent the reform processes have imbued a culture change in the behavior and attitudes of the civil and public service as a whole requires more concrete measurement. The policy process still depends primarily on ministerial initiative, which is ultimately subordinate to the electoral priorities of government, and despite partnership governance the management of crosscutting issues remains rather weak. This implies that reformers need to remain fixed on the objective of public service as support of the citizen rather than as a faddish refashioning of administrative structures and processes. There is no grand theory of reform to recast the Irish public sector but rather a cherry-picking type approach of selecting best

practice managerial reforms and lesson learning to initiate better public service that meets international benchmarks. Thus administrative reform in Ireland conforms to the European experience of the hybrid neo-Weberian state³⁹ whereby the British legacy and the idea of a public service with its distinctive culture and discrete terms and conditions are preserved but with emphasis placed on increased professionalization and a shift oriented toward meeting citizen–client needs through improved quality and service.

Notes

- i. The civil and public service refers to the career personnel in the public sector. The civil service refers to those employed within central government departments (civil servants), whereas the public service refers to a wider array of personnel; for example, teachers and local government officials employed in public administration.
- ii. The term *Celtic Tiger* is an analogy to the reference “East Asian Tigers” applied to South Korea, Singapore, Hong Kong, Taiwan, and other countries of East Asia during their period of rapid growth in the 1980s and 1990s.
- iii. In an Irish context “clientelism” refers to the nature of the way in which Irish parliamentarians or *Teachtaí Dála* (TD) undertake their constituency work. TDs personally keep in touch with the people who elect them at the local level, looking after the interests of the constituency in general and undertaking representations and services for individual constituents.
- iv. The doctrine of *ultra vires* applied to local government up to 1991. A local authority had to be able to adduce legal authority for its actions. If a local authority purported to do something in exercise of its powers but was acting beyond the powers, it was said to be acting *ultra vires* and could be restrained by the High Court. To overcome this restriction, a general competence provision was introduced, the Local Government Act of 2001, section 66.
- v. The Treaty of Nice 2000 focused on the institutional reform necessary for the 2004 enlargement of 10 additional members to the EU. On 7 June 2001, a referendum was held to approve the Nice Treaty in Ireland but was defeated by voters 46.1 percent to 53.9 percent. A second referendum was held on 19 October 2002 and was passed by voters 62.9 percent to 37.1 percent.
- vi. The “structural funds” are grants administered by the European Commission to help fund measures or projects within the EU having common objectives. The greater share of these funds is directed to less-developed regions in the EU.
- vii. The National Development Plan is the title given to the strategic objectives for the development of a scheme of organized expenditure on national infrastructure and services.
- viii. Tripartite agreements, or “tripartism,” reflect agreement between government and representatives of trade unions and businesses. The modernization of the Irish economy from the early 1960s included elements of tripartism in Irish public institutions and policy.

- ix. Social partnership reflects an approach to government where interest groups outside of elected representatives play an active role in decision making on public policy making and strategic economic objectives. It takes the form of tripartite periodical agreements that initiated with the Programme for National Recovery in 1987.
- x. A three-week dispute centered around the company's actions in secretly importing replacement crews from the Baltic states to substitute unionized workers with agency workers paid less than the minimum wage. This created fears that Irish labor standards were being significantly undermined by processes of migration and globalization.
- xi. Controversy over this issue has arisen following reform measures in several countries to sharpen the policy and operations dichotomy. Examples include questions concerning a minister's responsibility for administrative errors arising from serious prison escapes in the United Kingdom, and the "Cave Creek" tragedy in New Zealand where a viewing platform built by the Department of Conservation collapsed, killing 14 people. Similar questions arose in Ireland in the context of a fiasco where nursing home residents were illegally charged over a period of 28 years.

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Chapter 6

Administrative Reform in Sweden: Administrative Dualism at the Crossroad

Niklas Eklund

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1 Introduction

From an international perspective, the Swedish system of public administration has some unique features. The roughly nine million inhabitants of the country are used to having both national and local government offices deeply involved in their lives whether the issue is related to taxation, health care, living standards, or lifestyle issues. Internationally, the country is most well known for its relatively high standard of living, gender equality, and encompassing welfare state structures and programs, which often transcend the boundaries of public and private sectors. For long, the welfare state has added to the particular context¹ in which public administrators have implemented public policies in Sweden. In terms of the impacts the state tries to have on society,² however, Sweden has come a long way in the past two decades, and the balances between social, economic, and political priorities are shifting. It was really in the 1990s that the nature of reform efforts began to change, opening up a renewed discussion on the political underpinnings of the state–society relationship in Sweden and how to adapt to new challenges and change.

From the beginning of the current decade, large-scale changes in the social fabric of Sweden have also become evident, many of which the administrative system finds difficult to handle. Ideological criticism based on arguments of morality and optimal economic efficiency aside, the real undercurrents of administrative change in Sweden have followed the effects of resilient social and economic inequalities, large-scale immigration, and a general turn for the worse in terms of social solidarity.³ These drivers of reform remain present today, but this time the element of adaptation to the European Union (EU) has been added to the reform mix in Swedish public administration.

The current trajectory of administrative reform in Sweden is not following a unidirectional or particularly even path. Its beginnings can be traced back to the 1970s when, with the public sector growing at an unprecedented pace, the “public sector revolution” was rapidly transforming the economy and society in Sweden along welfare state lines.⁴ In the 1980s, however, decentralization and government reorganization became the favored instruments in efforts to overcome problems with economies of scale in the public sector. Currently, the forerunners of a debate can be seen, the topic of which is whether the institutional inertia of public administration in Sweden is the primary cause of current problems with efforts to reform governance.⁵ There is an alternative and more positive view among some analysts, however, which holds that traditions in Swedish public administration represent a safeguard from the potential excesses of politically driven reform.⁶

Starting from the perspective of the welfare state arrangement, it would be tempting to emphasize the continuity of political consensus, steering, and uniformity as drivers of reform in Sweden. However, Swedish public administration is something of a paradox. As will be discussed in this chapter, administrative reform in Sweden is often slow and inert because of the horizontal and vertical dualities built into the system. In this chapter, the continuity of administrative dualism

in its horizontal and vertical forms is described, as are four significant spheres of influence on administrative reform. These discussions revolve around those institutions, principles, and norms that serve as guidelines for public administration in the Swedish system. The trajectory of administrative reform is then discussed against the backdrop of how welfare state principles and practices are evolving in Sweden. The discussion then moves to examining current reform strategies based on respective applications of electronic technology and economic considerations as well as addressing the influence of EU membership on Swedish administration. A brief summary of a critical analysis of reform in Sweden is then presented and discussed. The chapter concludes by arguing that administrative reform in Sweden, far from being unidirectional or overly path dependent, is likely to give rise to an even more intense debate over the institutional and ideological underpinnings of Swedish public administration in the near future. As so many times before in the modern history of the Kingdom of Sweden, national administrative agencies are an important key to understanding developments in government. As regards their role and function in the administrative system, however, the national agencies may well have arrived at a crossroad already.

2 Administrative Dualism and Spheres of Influence

Traditionally, the different government branches in Sweden are marked by administrative dualism. The roots of the principle are actually predemocratic and can be traced all the way back to how the Swedish state, in its heyday as a mid-1600s empire in the Baltic Sea area, organized its state institutions. It is generally accepted that in 1634, under the reign of king Gustavus Adolphus II, the principle of administrative dualism was instated in administrative structures of the Swedish state and that this constitutional principle represents a remarkable path dependency in its administration.⁷ Administrative dualism also survives on the vertical dimension. Although a unitary state for more than 400 years, Sweden has a tradition of local political autonomy, which for long has given local government a pivotal role in Swedish administration. This has to do not least with the local right to levy taxes, which is another institutional path at least as old as the Swedish state, and one that in modern times has been crucial to the implementation of welfare state policies.⁸ Also in terms of implementing reform, local government is far more important than state ministries and agencies. This has produced a whole new set of problems for administrative reform in Sweden as the social structure and climate of the country is changing and public administration goes looking for new ideas.

The government of Sweden currently operates according to constitutional principles adopted in 1974. The affairs of the government are directed by a cabinet of ministers, which is led by a prime minister. The cabinet and the prime minister are responsible for their actions to the legislators in parliament (*Riksdagen*). The ministries, currently numbering 13, operate as policy-making bodies that comprise

the Swedish Government Offices. The Government Offices provide direction to state agencies responsible for policy implementation. Before implementation can begin, however, each agency is tasked with independently analyzing new government policies for legal and practical implications. Local government has wide latitude in all areas not regulated by the central state government and is responsible for all service delivery at the local level. It is within this system of governance that horizontal and vertical aspects of dualism simultaneously exist with regard to public administration.

In the present Swedish system of governance, there are four equally important spheres of influence with respect to administrative dualism and reform: (1) the central government, (2) the state agencies, (3) the independent commissions, and (4) local government.^{9, 10} Because the first three spheres of influence operate at the national level of government, their respective influence constitutes the horizontal dimension of dualism. The relationship between local government and the state constitutes the vertical dimension.

The first sphere of influence is the central government (*Regeringen*), which decides national policy and determines the goals and guidelines for the civil service. With legislative direction from parliament, the central government decides public policy and issues policy instructions to and for state administrative agencies, appoints their directors general, allocates resources, and is ultimately responsible for the successful implementation of tasks in public administration. Although each of the approximately 250 state agencies is constituted by authority of a ministry, ministries may influence agencies only by making policy and providing guidelines. That is, consistent with the principle of dualism, state agencies cannot be told by central government how and when to go about their administrative business.¹¹ This effectively gives public administrators within state agencies a constitutionally guaranteed level of discretion vis-à-vis the ministries of central government on one hand and the Swedish parliament on the other. This institutional arrangement and the legally prescribed relative autonomy of administrative agencies combine to characterize the role and nature of the civil service within the Swedish system.^{12, 13} Application of the principle of administrative dualism also contributes to a greater degree of depoliticization in Swedish administration when compared to the majority of other European countries.¹⁴ As such, the principle of dualism has been historically resilient in times of political turmoil, most notably when Sweden evolved into a constitutional monarchy (1809), a democracy (1921), and a modern constitutional democracy (1974).^{15, 16}

The relationship between government ministries and agencies is also specifically designed to protect public administration in Sweden from political spoils. The Swedish Government Offices are comparatively small, as they currently employ only approximately 4,600 persons altogether. As a result, and much because of their relative independence, Swedish government agencies can be described as courtlike in their behavior and ways of organizing practical work.¹⁷ There is, however, good

reason to emphasize the term *relative* independence when referring to Sweden's state agencies:

Each agency is headed by a director general appointed by the Government, usually for a six-year term. Sometimes a director general is chosen from the political sphere. The board of an agency consists of the director general as chairperson, a number of the senior officials from the agency itself and representatives of organizations or population groups with a special interest in the agency's activities, and sometimes politicians. All board members are appointed by the Government, as are most senior officials of the agencies. Other officials are hired by the agencies themselves.¹⁸

Swedish politicians can thus influence government agencies directly by the power of appointment. This has for long been a major bone of contention between the political opposition in parliament and several consecutive Swedish governments insofar as political influence in administrative agencies of the state, in effect, makes the central government agencies a second sphere of influence in their own right. For example, the Social Democratic Party, with its responsibility for several minority governments, has come under attack in the national media for politicizing public administration by predominantly appointing known Social Democrats as directors general and senior officials of national agencies. For decades, the defensive position of government has been to emphasize the legalistic character of work in the national agencies, in conjunction with their relative independence from direct government steering, as safeguards against politicization. The government's defense has also highlighted that directors general and other senior civil servants must be as correct and diligent as their employees and are, in effect, protected from corruption by the very nature of the practical aspects of work performed in a government agency. As no direct legal verdicts or blatant corruption scandals have appeared, the system has survived as described and is continuing to do so, despite changes in political power between ideologically opposed governments in 1976, 1991, and 2006.

The third sphere of influence underpinning administrative dualism and reform in the Swedish state is taken up by the regular commissions of inquiry (*Statens Offentliga Utredningsväsende*, SOU), which are tasked by government with investigations into specific issues related to reform. Again, the government draws up the guidelines, provides the financial backing, and appoints key personnel. Although temporary and specific, SOU commissions have the same administrative status as government agencies. The Swedish government appoints either an individual or a group of people to set up, research, and publish the results of an SOU inquiry. Central government also provides monies and administrative personnel resources. The choice of individuals to serve on the SOU varies but is at the discretion of the Swedish government. The commission has great liberty to explore different routes

of inquiry, which culminates in a final report in which the SOU makes recommendations to central government. Although the SOU process of inquiry is formally closed to the public and to parliament, there is a tradition of openness to the media while the work of the commission is in progress. The final SOU report, however, is open to full public and parliamentary scrutiny.

Once the report is printed, in most cases after a one- to three-year period, government sends it to various state agencies and other social and economic organizations in Swedish society for their opinions, the so-called *remiss*. Individuals and organizations that have not been directly asked may also express their opinions about the results and recommendations from the SOU. Moreover, because state agencies are responsible for analyzing and communicating to central government the legal and administrative implications of all SOU recommendations, public administrators within those agencies play an important role in shaping and informing public policy. The SOU process therefore not only provides Sweden's central government the ability to sound the depths of political waters prior to changing a policy or suggesting a new law to parliament but also promotes effective policy implementation by gathering the perceptions and opinions of interested actors prior to making policy decisions or issuing instructions to administrative government agencies.

The main reason the commissions of inquiry have been so widely used in the Swedish system is that they are perceived to contribute elements of rationality, legitimacy, and consensus to the processes of reform. For informed observers of the Swedish system, however, it is a well-known fact that the SOUs have at different points in time been used by successive Swedish governments to bury difficult issues or, in some cases, to avoid engaging in public debate or making difficult and unpopular decisions.¹⁹ As a consequence, the current trend is to use the SOU instrument less frequently and to provide the commissions with less time and fewer resources to perform their tasks. This has, not surprisingly, led to recent commission reports being generally of lower quality.²⁰ Importantly, as compared with three or four decades ago, the SOUs also seem to have lost some of their political weight with the advent of administrative reform. Nonetheless, Sweden's regular commissions of inquiry should still be regarded as a vital and relatively independent force in the nation's processes of governance.²¹

Local self-government, which operates along the vertical dimension of dualism and represents the fourth sphere of influence on reform, represents a history that goes even further back than that of administrative dualism. There is a centuries-long Swedish tradition of cities, parishes, and local farm communities administering all affairs not explicitly owned or usurped by the state, such as determining land use, providing schooling, offering relief to the poor, and upholding the law. As the modern era broke in with industrialization and large-scale social change in its wake, the Swedish government was quick in formalizing a new administrative role for local government that was more synchronized with a modern industrializing nation. Issued as an instruction from the Swedish king in 1862, a parallel structure of approximately 2,500 cities, parishes, and municipalities was codified and given constitutional status. The

aim was to facilitate Sweden's adaptation to the growing need for education, social welfare, and structural change. This structure then lived on past democratization in the 1920s and was by and large left untouched up until 1952.²²

The present system of subnational government in Sweden emerged as the result of two major reforms in 1952 and 1974. As well as removing some of the older forms of governance such as independent parishes and cities, the number of local units was gradually reduced to fewer than 300 by 1974.²³ The current system and size of subnational government in Sweden has been described as follows:

Apart from the national level, there are two tiers of local government, a municipal level with 290 municipalities (*kommuner*) and an intermediate level consisting of 19 county councils (*landsting*) and two regions (*regioner*). The island of Gotland is both a municipality and a county council. Municipalities vary in size between 2,600 and 771,000 inhabitants, with an average of 30,200 inhabitants. The smallest intermediate level authorities have 127,000 and the largest 1.9 million inhabitants. The average size is 430,000.²⁴

Despite a long historical tradition of subnational self-government, federalist ideas have never been applied to intergovernmental relations in Sweden.²⁵ To the contrary, the different subnational levels of governance in the Swedish system can alternately be seen as "state integrated" in that their autonomy is circumscribed by subjection to either direct or indirect national regulation or as a mixed, semiautonomous, and semi-integrated form of governance.²⁶ Until the 1980s, subnational government in Sweden was heavily regulated because it was regarded by the state as an instrument in the management of core state welfare functions. In the course of that decade, however, Social Democratic governments began to experiment with shifting the balance of power from the state to regional and municipal governments and increasing local levels of administrative autonomy. Therefore, subnational autonomy today is derived from a combination of legally authorized local discretion in all areas not regulated by the state in concert with a high level of direct local influence over the implementation of state welfare policies and programs.

At the local level, Swedish municipalities and county councils are responsible for providing primary and secondary schooling, care for the elderly, and nurseries. The county councils are primarily charged with policy implementation in the areas of medical care, public health, regional cultural institutions, dental services, and care for the disabled. It is estimated that 80 percent of the county council budgets cover these areas. Within this integrated design for local government, some administrative areas are more tightly regulated by the state than others. Less regulated areas for the municipalities include, for example, local land use and the planning of infrastructure. Subsidies to public transport systems and general regional

development initiatives are examples of areas in which county councils may use discretion because of fewer regulatory controls.²⁷

It would be inconsequential to refer to subnational government, because of its self-government status, as a path dependency in Swedish administration. At the same time, it is impossible to disregard the vertical dimension of administrative duality in the country. The municipal and county council governments are directly elected bodies with the constitutionally guaranteed right to levy taxes on their constituents. These elected officials and their administrative personnel have developed strong professional and political competencies demonstrated through accountability-based performance before the local electorate. As a consequence, they have wide discretion in allocating tax receipts not controlled by the state.

Comparing employment numbers at the national and subnational levels of government adds further clarity to the significance of local government in Sweden. In 1999 the total number of employed persons in the country amounted to 4.2 million. Of these, 63 percent worked in the private sector. The public sector, including state and local government, employed 37 percent, with less than 9 percent employed in state government and the remaining 28 percent employed at the local level. Thus, in 1999 more than one quarter of total employment throughout Sweden was provided by local governments and their related institutions.²⁸ Local government is therefore an influential force in governance by virtue of its sheer size combined with its perceived competence in administering a wide range of social policies and programs. It is the significance of local government that constitutes the vertical dimension of administrative dualism and the fourth sphere of influence in Swedish administrative reform.

3 The Swedish Reform Trajectory

For most of the 1900s, Swedish public administrators worked in a social climate of shared beliefs in collective bargaining, central planning, rationalism, and technological innovation and with the overarching goal that economic and social equality among Swedish citizens could be achieved by rational means. Their work was supported by a political system in which national consensus was prioritized before group interests and factionalism. Large-scale socioeconomic reforms and the required administrative systems to support them generally received political support because they were considered part and parcel of Sweden's national success. Since the 1970s, however, the Swedish welfare state and notions of a unique national model have given way to decentralization, relativism, interest politics, and an increasing acceptance of economic and social differentiation.^{29, 30} Swedes, it has been argued, have changed their values from solidarity-collectivism to solidarity-individualism.³¹ Thus, the sociopolitical underpinnings of public administration in Sweden are no longer the same as in the heyday of Swedish otherness.

The trajectory of national administrative reform since the 1970s can be summarized with a set of key words for each decade with regard to perceptions of the functioning of the Swedish state.³² As summarized by Professor Stig Montin, these catchphrases are representative of the need for administrative change and the goals for implementation in the Swedish system over the past four decades. Beginning with the 1970s, Swedish governance can be summarized *as too little democracy and steering too weak*. During this decade, the welfare state was in its heyday, and the overarching goal was to build up the administrative capacity for an encompassing modernizing system that would produce equal territorial distribution effects. Pivotal to this development was a reduction in the number of municipal and regional units of the country (a topic that will return in the following section). It is also in the 1970s that immigration began to have significant impacts on Swedish society through increased multicultural diversity and on public administration in terms of systemic capacity to serve an increasingly diverse population with comprehensive social welfare programs, concerns that remain today. The thrust of reform during this decade was thus centered on enhancing the primary school system, social service functions, physical planning, and the labor market. With rational planning and social engineering still high on the agenda, the Swedish state coordinated all major plans and activities among national agencies and municipalities. Intergovernmental thinking dominated government policy, which expanded the role and importance of professionalization in the public service. On the whole, administrative reform in the 1970s strengthened and empowered bureaucrats and professional planners in Sweden, which led in the last years of that decade to an upsurge in the debate over how democratic control of the political policy-making process could also be strengthened. However, as the welfare state grew, the scope and diversity of programs became too complex to be centrally managed. Solutions to this and related problems were believed to be found in further reform, this time aimed at decentralization, a revitalization of party politics, and the importing of democratic principles to workplaces.

The 1980s came with a new catchphrase on cue from the previous decade: *too little efficiency and too much steering in detail*. Decentralization was perceived as the fundamental key to successful reform, but in the 1980s the emphasis shifted from an enhancement of democratic values and processes to administrative efficiency and effective management. With emphasis placed on the need to identify new principles and practices for public management, the Swedish public sector began to emulate models from the private sector, gradually focusing on administrative flexibility and reducing costs. Steering by objective as a political and legal principle of the state swept the policy-making and administrative offices of the country, influencing the way national laws and government instructions were formulated and carried out. By the end of the 1980s, the “charismatic leader” had become the symbol of the loyal and efficient public administrator in Sweden, one who was able to preserve the perception of direct influence and involvement of citizens and coworkers while keeping or indeed cutting the budget.³³ Steering by objective and the focus on

managerialism, however, eventually found the state mired in details, sometimes at the expense of more strategic aims in the latter part of this decade.

Toward the end of the fast-moving 1980s, the catchphrase for reform had gradually shifted. With economic crisis looming and several structural problems still to overcome, reformers in Sweden began to chime in with the international chorus of the time by saying *too much politics and the public sector is too big*. In response, the Swedish state began cutting back on welfare expenses while increasingly deregulating the public sector. The principle of steering by objective was thus strengthened in concert with the processes of decentralization. The free choice of citizens was increasingly emphasized as regards public services, and user evaluations and organizational principles based on New Public Management (NPM) were introduced, particularly at the local level. Public administrators increasingly found themselves working in organizations divided into results-oriented units organized according to purchaser-provider arrangements. Thus, the decade ended with administrative reform continuing, more or less, in a climate of competition with emphasis placed on economic results.

The 1990s continued along the trajectory set in the previous decade, with its emphasis on *securing the quality of services, coordination, leadership, and the role of civil society*. The period began with a major state financial crisis, which forced a response from the central government. Continuing along the trajectory of decentralization and economic efficiency, the state decided to shift the financial and political responsibilities for social welfare functions primarily to municipalities. For example, in one major reform effort, the whole Swedish system of primary and secondary schools was decentralized in 1991. In one fell swoop, the Swedish state shifted the responsibility for basic education to the municipalities. The municipalities were by that time already experienced with new forms of management, private and semiprivate ownership, and new forms of partnership with social actors. As a result of increased decentralization of social welfare, Sweden realized a radical increase in economic and social inequalities in the 1990s, the likes of which had not been observed for more than 20 years. For fear that schooling in Sweden would become a local affair outright, the state also continued along the path of steering by objective by setting high goals and standards for primary and secondary education. Similar goals and objectives were set for other social welfare programs newly decentralized from the state. Far from expressing a coherent strategy, however, the state introduced a more flexible approach, continuing to deregulate in some areas while reregulating in others.

The emphasis on ensuring quality in the delivery of public services followed from the state's philosophy of steering by objective, and national agencies were consequently tasked with performing evaluations of reforms implemented within the different administrative areas of government. This signifies that by the end of the 1990s, reform thinking in Sweden had made a 180-degree turn as compared with the interventionist planning and controlling strategies of the state in the 1970s. The introduction and development of administrative models inspired by the market

orientation of NPM continued, particularly in local government. Toward the end of the 1990s, and particularly against the backdrop of the mainly peaceful popular revolutions in Central and Eastern Europe, increasing emphasis on the role of civil society was also noted in Sweden. On the eve of the millennium, however, administrative reform had brought the public sector to a situation signified by conflicting goals and perceptions.

In the first decade of the 21st century, administrative reform in Sweden is currently riddled with a lack of clarity and coherence. Nearing the end of this decade, it is perhaps possible to characterize the state of administrative reform with the catchphrase *at a crossroad*. At this point in time, the notion of civil society as an important alternative to political authority and market uncertainty appears to be growing in importance. Particularly at the municipal level, citizen groups are increasingly invited to share their views on, for example, infrastructure projects while they are still in the planning stages, and local referenda on major investment and other local economic development issues are gaining in use. Overall, however, the trajectory of administrative reform in Sweden seems to be at a crossroad. Exactly what is meant by civil society and partnership remains to be seen, and it is likely that the first decade of the 21st century, with future hindsight, will be easier to categorize. Insofar as a long line of administrative reforms in Sweden having changed the ways in which government interfaces with citizens and intervenes in their lives, public administration at all levels of government has found new patterns of interaction and deliberation with the political and economic spheres of society. It is therefore likely that intensified discussions concerning the ideas and ideologies behind the past four decades of administrative reform will ensue and serve to inform the future of administrative reform in Sweden.

On the whole, national administration in Sweden is shrinking. The number of national agencies has been reduced over time, and as a result of decentralization and reorganization, these agencies have also become further removed from the people they serve. In 1990, the total number of administrative offices related to the government structure in Sweden was 1,394 as compared with 796 in 1995 and 643 in 2000. In 2005, the official sum of national administrative offices was 552, including national agencies.³⁴ However, cutbacks and reorganization among government agencies have not reduced their role in supporting or blocking administrative reform in Sweden.

Developments in the 20th century radically changed the Swedish nation through rapid and thorough modernization and democratization. With its roots in predemocratic Sweden, the principle of administrative dualism not only survived this flurry of economic and social change but also proved to be a flexible instrument in managing the effects of change. Nevertheless, within Sweden, the flexibility of adjustment in combination with stability in the central administrative system hinges on a single pivotal factor: the ability to achieve consensus. Three of the four major spheres of influence in the Swedish system are horizontally autonomous enough within the central government to be able to bring the Swedish system

of governance to gridlock. Why this only rarely happens is an open question. But there are more specific and steadfast observations to be made as regards the practical application and results of administrative reform strategies and tools, as addressed in the next section.

4 E-Government, Economism, and Europeanization

Considering the trajectory of administrative reform in Sweden over four decades, it is probably not by chance that the Swedish government presents its work with the implementation of e-government by initially asking the question, “In what way does public administration serve democracy?”³⁵ The following excerpt, taken from government’s own response to this question, reflects the principle of administrative dualism and the democratic reform notions of administrative accessibility, transparency, accountability, decentralization, and individual rights, among others:

Autonomous agencies outside the reach of both kings and politicians, the Ombudsman as a guardian against oppressive agencies and the Right of Access to public documents has provided a foundation of trust with the general public. This trust is essential not only in creating a very decentralized government but also in building an e-government.³⁶

The government goes on to discuss what it sees as the major trends in public administration today: among other things, to increase the quality of services, strengthen professional competencies, and improve the ways and means of evaluating administrative performance. Two cases, Virtual Employment Services and Vehicle Registration, are then selected to illustrate how current administrative reform builds on the traditions of democracy, transparency, and relative autonomy in Swedish state structures. These illustrative examples are discussed in more detail in the following section.

4.1 E-Government

The function of the welfare state is to ensure the welfare of citizens, more or less, from cradle to grave. All Swedes are given an individual number code upon birth, which then follows them through life. This number, the so-called *personnummer*, is not only the key to verify citizenship but also the code used by Swedish citizens in their contacts with all public institutions as well as private and nonprofit organizations. For most Swedes, the personal code facilitates ease in going about the business of everyday life. One can easily obtain information, services, and support from public and private organizations simply by providing the code upon contact. In some Swedish banks, the personal code is also used as an account number, which

facilitates ease of contacts and transactions even further. Thus, electronic management of all personal codes is an essential component of e-government in Sweden.

The National Labour Market Board (*Arbetsmarknadsstyrelsen*, AMS) seeks to facilitate full employment among the Swedish population. Prior to the mid-1990s, when the work within all national agencies became computerized, the services of the AMS required the exchange of significant amounts of paperwork between employers and the agency. In addition, through most of the 1990s, job seekers were required to appear physically at a local AMS office to speak with an administrator and fill out application forms to receive services. Among the unemployed and in the Swedish media, critical voices could be heard saying that the AMS process was too cumbersome and time-consuming and the service was too impersonal.

In response to these problems, the AMS introduced a computerized system called Virtual Employment Services, which increases efficiency and personalizes the service. According to the government Web site, the electronic job vacancy service had more than 500,000 users already in the year 2000, enjoying possibilities to answer immediately the calls of potential employers with personalized e-mails and ready-made application forms attached.³⁷ Links to and information about job markets in other countries, mainly in Europe and North America, are also available on the Virtual Employment Services Web site. Furthermore, advertising for employers is free, as is adding whichever logo, Web address, or other information they see fit. There is also the additional possibility for employers to follow up on the popularity of their respective online advertisement or job posting by checking on the number of hits, for example, and making any required adjustments. Employers can also find a search profile service, called the AMS Job Profile Matching System, which is based on the electronically submitted CVs or résumés of job seekers, sometimes with personal letters attached to the profiles. According to the government Web site, in the year 2000, more than 23,000 Swedish enterprises were registered users of the profile-matching system, which contained in excess of 50,000 individual CVs at that time.

The services of the Swedish National Road Administration (*Vägverket*) provide another example of technology-based reform held out by the Swedish government.³⁸ Introducing both a push-button telephone system and an online system for vehicle registration and digitization of all of its records in 1995, the Swedish National Road Administration was able to eventually reduce the number of regional offices down from 24 to 1 while cutting the number of staff involved in customer services by half. The ability to simply dial the telephone or access a computer and then enter the code on the registration certificate to comply with the legal requirement of vehicle registration has eliminated many of the frustrations associated with the previous, more labor-intensive, time-consuming, and less-efficient process experienced by the majority of Swedish citizens who own motor vehicles.

In 1998, a computerized telephone system and an online service were introduced to make the Swedish National Road Administration available to citizens on a 24-hour basis. The menu of electronic services offered has been expanded since

that time such that providing the registration number of any motor vehicle in the country now allows one to obtain the name of its current owner, its annual vehicle tax, and its number of previous owners and to find out whether it has been reported stolen or is banned from traffic.

Unfortunately for some Swedes, there is a tradition of relative openness within the culture of administrative agencies across the country. The personal codes are easily accessible, and access to one's code provides access to all manner of personal information regarding employment, income, taxes, vehicle ownership, marital status, children, health, education, and the like. In an age where electronic identity theft has become a growing concern around the world, it is perhaps odd that the digital transformation in government has not attracted more attention and discussion within Sweden. Moreover, the nature and amount of information collected by the Swedish government about its citizens and the access afforded various authorities to such personal information goes beyond the norms of most other advanced democratic societies. However, it is as yet only possible to speculate about how further use of technology will inform the nature and scope of administrative practice in the future.

4.2 *Economism*

As previously noted, economic considerations came to the fore in Sweden during the financial crisis in the 1980s. In response, local government became a testing ground for market-based practices in the form of local enterprises and public-private partnerships. During the 1990s, market-oriented reforms spread across the country, strengthening the role of private sources of funding and entrepreneurship. Local tax in Sweden still remains at approximately 30 percent of wages earned, and local government is responsible for the core functions of the welfare state (i.e., education, child and elder care, sick care, social support, and cultural activities). In 2002, the average part of the total budget expended for the areas of child care, care of the elderly, and education was 78 percent among Swedish municipalities. It is thus unlikely that subnational government in Sweden can escape their primary role as carriers of welfare state functions unless there is a political sea change in national politics.³⁹

Swedish local government since the 1980s has experimented with different forms of financing and providing public services. A high degree of variation exists in how financing and service provision programs have been implemented across the country, however. In an effort to generalize, it can be said that local citizens in Sweden today face an array of service producers and are increasingly exposed to local differences.⁴⁰ The Swedish welfare state made an about-face concerning privatization and deregulation in the 1990s. As a consequence, as long as Swedish municipalities maintain certain standards in their provision of state-regulated services, they are free to choose in what form these services should be produced and

delivered. Nongovernmental production and delivery of services can be performed by nonprofit organizations, cooperatives set up by users, by employees in a specific area, or by private enterprise. It is also possible for the state or municipal government to issue vouchers for specific services so that citizens may choose their service provider directly.⁴¹ This variant of NPM has been a reality within the Swedish welfare state for more than a decade.

Today, local services are increasingly produced according to the rules of markets, which has led to growing concern about the unequal effects of market-driven reform strategies across different parts of the country. Because important differences in the quality of service received in such core areas as education, child care, and health care have been readily observed, it is unlikely that this concern and related discussions will abate in the near future, because territorial equality is as important for the legitimacy of the welfare state as it is for the self-image of Swedes in general.⁴²

4.3 Europeanization

When Sweden joined the EU in January 1995, the mentality of the country's decision makers and administrators was generally self-confident and opportunistic. At the time, Sweden was just rebounding from its most serious state financial crisis in modern times, which had done little or nothing to subdue the feeling of national confidence (and perhaps superiority) among public administrators. A survey of state officials in 1991, in the middle of national crisis, showed for example that EU membership was commonly seen as an opportunity for Swedish administrators to help other national governments in Europe understand and appreciate the Swedish way of doing things.⁴³ Subsequently, as Sweden recovered economically through the 1990s, the sense of otherness displayed by public administrators vis-à-vis Europe received an echo among the Swedish people at large. The referendum on EU membership in 1994 was a close 51 percent win for the promembership side. In 2003, a referendum to replace the Swedish krona with the euro ended in a resounding rejection. As a consequence, analysts have described Sweden as something of an outsider in Europe.⁴⁴ Some have even gone so far as to say that it was the state that formally joined the EU in 1995, dragging an essentially skeptical Swedish nation kicking and screaming out of its collective sense of splendid political and administrative otherness.⁴⁵ Little has changed in the past decade, and a deep and heavy silence has fallen over the issue of European integration in Sweden.

It is difficult to pinpoint exactly which administrative changes emanate from the EU, as opposed to being nationally determined, in a complex system of transnational governance. Both state and local structures in Sweden have had to allocate additional resources into coordination and communication since Sweden became a member of the EU, but on neither level are there any clear signs of an immediate institutional pressure for change.⁴⁶ Nonetheless, as a result of EU membership,

Swedish administrators tasked with addressing international issues and EU-related affairs are forming enclaves within the central government,⁴⁷ which will surely affect the strategic and ethical thinking of Swedish public administrators as they learn from new internal networks, new processes, and their administrative counterparts in other countries.^{48, 49} It is here that duality plays such an important role, because civil servants in the Government Offices, at least in part because of their close proximity and relationship to the ministries, are more likely to follow and mirror the strategic and ethical preferences of politicians than are civil servants in administrative agencies. The latter tend to see themselves in the roles of watchdogs and whistle-blowers in the old Swedish tradition of public administration, thereby giving priority to national Swedish law⁵⁰ and a traditional public service ethos.

Perhaps the most obvious sign of Europeanization in the form of administrative adaptation is the work done by an SOU, the Committee on Public Sector Responsibilities, which was tasked by the government in 2003 to review the functions and division of labor between central, local, and regional government in Sweden. "Never previously in modern times had one single parliamentary committee been issued with making such a comprehensive review of the system of public administration in Sweden."⁵¹ As the work of the committee progressed, the government made its directive even more precise in 2004. The mandate was to review completely the structure of local government and its territorial divisions, the structure of regional government including state structures and activities, and alternatives for central government control of public administration in Sweden.

In 2007, the SOU presented its suggestions. Perhaps the most interesting and widely discussed among their ideas for a complete overhaul of the administrative system in Sweden amounted to the creation of a new territorial level of government. Six to nine directly elected regional authorities were to replace all current regional and county council offices. The 290 municipalities were to be left as they are, but the thrust of the reform was to do away with the regional level of administration, which, by and large, has been the same since the 1600s. Interestingly, the main arguments for this reform were to increase the efficiency and equality of the welfare state. Most important, although the regional reform would create Swedish regions that have better fit with EU classifications, structures, and programs, this was not among the arguments for the suggested reform. To the contrary, the most notable arguments in favor of the reform were its top-down character, policy rationality, lack of negative effects on local self-government, and ability to deliver equality across the territory of the Swedish nation.⁵² Thus, although joining the EU provided the opportunity for self-reflection and analysis with regard to governance and governance reform, it does not yet appear that EU membership has produced significant or tangible results in terms of administrative reform in Sweden.

5 At the Crossroad: A Critical Analysis

As the new millennium was near, a set of research reports from the regular commission of inquiry were published in 1999, this time focusing on the nature of Swedish democracy, governance, and recommendations for reform. This string of SOUs rendered assessments and conclusions that can be seen as setting the agenda for ongoing debate concerning reform in Sweden. Most of the discussion about administrative reform in Sweden has since followed this cue.⁵³ Particularly in one publication, several sharp critical points delivered severe blows to any notion of a consensual Swedish reform model.⁵⁴ In addressing the factors working against good citizenship in Sweden, the SOU delivers a general critique of politics and administration. For example, the SOU talks about Swedish politics becoming something that to the regular citizen appears to be centered on exclusive relationships among politicians who are acting on separate, increasingly specialized social agendas. Decision and policy making are also largely perceived to be leaving the democratic sphere and moving instead to be driven by economic considerations that, in turn, raise questions about the real functions of democracy within the country. These are, by and large, political observations that fit with the observations and discussions currently occurring in most advanced democracies around the world.⁵⁵

Most of the criticism lodged in the commission's report, however, is more directly aimed at recent trends in public administration, as the commission issues a direct call for improved administrative reform in Sweden. Although the ability to act quickly and efficiently continues to be a positive value in the Swedish administrative culture, the commission argues the first problem is that administrative efficiency comes at a high price. Whereas in a democratic system such values as legitimacy and efficacy should be regarded as metaprinciples, Swedish administrators have, at least since the beginning of the 1990s, been increasingly rewarded for being able to implement swiftly and make changes quickly rather than to deliberate the pros and cons of expediency. Second, public administration has been imbued with the concept of choice from markets. Market mechanisms have thus facilitated a fundamental change in values among public administrators, thereby working as a tautological definition of what the business of public administration is all about. This line of critical analysis by the SOU suggests that reduced costs achieved at the expense of citizen satisfaction may not be worth the financial savings realized. There is also a third issue highlighted in the SOU's critical assessment that pertains to the role of the media in relation to public perceptions of government in Sweden. When it comes to public policy and its effects on Swedish society, the mass media tends to favor commentaries from researchers who are willing to talk about the effects in terms of input politics; that is, policy effects on the standpoints taken by political parties and leaders, on their internal debate, and on how this relates to the results of contemporary popular surveys. The output side of the equation in terms of real outcomes, however, is left out other than as superficial talk about whether the intentions of policy makers seem genuine. This perpetual focus by the media

on input politics, according to the SOU, has produced a situation in which the making of public policy is portrayed to rely more on the gamesmanship aspects of politics and less on the consideration of administrative capacity, the quality of public services, or the evaluation of the extent to which policy decisions actually solve public problems.

Even more serious criticism from the SOU concerns the practices of public administrators in Sweden. Despite the fact that the country is much lauded internationally for its Freedom of Speech Act, which includes among other things the right of public administrators to be whistle-blowers (*Meddelarfriheten*), there are growing signs that administrators at the state and local levels are pressured into silence by their superiors by either direct or indirect threat. Related to that is an increase in reports on how individual citizens, when confronting state agencies and public offices about unsatisfactory service quality or delivery, are being punished by the relevant institution threatening to withdraw its services altogether. The SOU also saves the most insidious factor it has observed for last, namely, how public offices in Sweden, knowingly or unknowingly, are manipulating the language of public service. This is done mainly by importing economic, or perhaps economic, terms into administrative practice, which makes it more difficult for citizens to interpret and express their ethical, legal, and democratic concerns and problems relative to public administration.

6 Conclusions

In its welfare-statist expansion in the 1900s, administrators in Sweden worked in a climate of general belief in the blessings of collective bargaining, central planning, rationalism, technological innovation, and an overarching goal of economic and social equality among Swedish citizens. This gave rise to the internationally recognized idea of a Swedish model, in which rational planning and goals for incremental change would turn administrators into social engineers. Up until at least the mid-1970s, this holistic approach seemed valid and facilitated public administration in many ways. The state had a clear and undisputed role in society, priorities were easy to make, and coordination between different parts of the state apparatus could be regarded as a technical issue against the backdrop of consensus politics and Keynesian macroeconomics. Since the 1980s, however, administrators in Sweden have seen interest politics and an increasing acceptance of economic and social differentiation creep in. Quick on the trigger, the Swedish government began to experiment with different forms of decentralization and limited forms of privatization. The role of public administrators was gradually changing, and the 1990s saw an enhancement of centrifugal forces and large-scale changes in the social and economic fabric of the nation, due in part to the continuing trend of increased immigration that had raised the percentage of foreign-born and foreign citizens residing in Sweden from 11.8 percent of the population in 1960 to 18.3 percent in 2006.⁵⁶ The Swedish

reform trajectory followed suit, increasingly adjusting to EU membership and the values of a people moving from solidarity-collectivism to solidarity-individualism.

It can be argued, however, that such a linear image of the Swedish reform trajectory is false because it neglects the important role of administrative dualism. First of all, the expansion and maintenance of welfare state functions in Sweden was and is, first and foremost, a local affair. The Swedish municipalities were steered by policy objective by the Swedish government in the expansion phase of the welfare state. In the later stages and beginning in the 1980s, however, the Swedish state opted for a strategy based on steering by objective instead. Some of the financial responsibilities for welfare state functions were shifted over to municipalities, particularly in the 1990s, and deregulation increased the autonomy to look for alternative sources of financing and organization. But reregulation through law and ordinance kept the welfare state as an overall objective alive in Sweden. This has produced a current situation in which the welfare-statist values of economic and social equality are upheld by the local government sector in Sweden on the basis of vertical administrative dualism.

The second important aspect of administrative dualism in Swedish administration is horizontal. National administrative reform in Sweden is dependent on the interaction between three spheres of influence. The government and the Government Offices make up one sphere, the national agencies make up another sphere, and the independent commissions of inquiry (SOU) make up the third sphere. The ability that a Swedish government has to steer the implementation of reform through policy is significantly curbed by the legal right of national agencies to question the legality of reforms. The SOUs are expected to provide the facts and perspectives required by government to formulate good and concise policy. Without overstating the case, it would be possible to argue that the Swedish system of administration is inert and inflexible at the top. In addition, it forces policy makers, administrators, and knowledge seekers into cumbersome processes of formal and informal coordination. Swedish researchers have identified it as a system in which it is easy for actors to avoid the ownership of problems.^{57, 58}

As a consequence, it is questionable just how the linear trajectory of administrative reform in Sweden should be interpreted. From one angle, it seems that Swedish government has been skillful when it comes to bypassing national agencies and cooperating directly with local governments. In a different light, the national agencies have been both highly efficient and complacent in implementing numerous policy changes since the beginning of the 1990s while not utilizing their constitutional right to block government policy on legal grounds. The important lesson seems to be that Sweden has gone through waves of both radical and incremental reform during the past 40 years without significantly modernizing its national system of administration. In this, Sweden continues in a tradition with administrative roots in the 17th century.

On a final note, the linearity of administrative change in Sweden can be questioned also concerning values. Although belief in the values of administrative

efficiency and rationalism persist, they are not always consistent with the democratic values of transparency, accessibility, and a closer relationship between administrators and citizens in Sweden. And although the Swedish administrative system may be unique in aspects of its mission, institutional configurations, and traditions, it is not unique in the ways new ideas and practices sometimes do not manifest or realize their full potential because of administrative inertia, lack of understanding, unclear priorities, or a combination of these factors. It is therefore likely that the future direction of administrative reform in Sweden will emanate from the fact that the Swedish administrative tradition, as illustrated by administrative dualism, is at the crossroad. Again.

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**ADMINISTRATIVE
REFORM IN
EUROPEAN UNION
NEW MEMBER AND
APPLICANT NATIONS**



Chapter 7

Civil Service Reform in Poland: The Influence of Path Dependency

Tatiana Majcherkiewicz

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1 Introduction

The postcommunist transition of Poland has undoubtedly been a success story. New political and economic institutional frameworks have been established as watersheds of the previous communist system. The break from the former communist system, however, is far from complete. In Polish public administration, and

especially in the formation of a professional civil service, reforms have been delayed and insufficient.

Comprehensive economic and political reforms took place in Poland during the early 1990s. However, despite ambitious reformatory attempts, it took seven years after the collapse of communism to adopt the first Civil Service Act (CSA). The next version of the CSA passed parliament two years later, and it was completely modified again in August 2006. Thus, the three main legislative acts that have determined the shape of the Polish civil service are the CSA of 1996, the CSA of 1998, and the CSA of 2006. Insofar as implementation of the CSA of 1996 was withdrawn in its early stages and the CSA of 2006 is presently in the initial phase of implementation, the most important is the CSA of 1998.

The transition from a politically captured and unregulated bureaucracy to an administrative system attempting to meet the successive requirements of these three acts collectively created a period of instability for the Polish civil service. Ideas fundamental to the role and organization of the civil service were substantially modified by the reforms of 1996, 1998, and especially 2006. This transitional period of instability is further complicated by recent reforms that have blurred divisions between political and administrative positions. Taken together, these events combined to generate questions concerning the administrative discretion of the civil service corps and the expanding scale of political appointments for administrative posts.

One may ask why reforming public administration and building a professional civil service have proved to be such difficult and challenging problems in Poland. This question becomes even more puzzling in light of the fact that quite radical governmental reforms have been successfully performed during the past two decades. For example, local government reform to decentralize power occurred in 1990, a moderate regional reform was effectively implemented in 1998 despite strong political opposition, and direct elections of town mayors and heads of rural villages were introduced in 2002. In each of these cases it proved much easier for politicians to decentralize political power than to accept losing direct control over personnel policy, especially as it concerns senior administrative positions. Similar behavior has been observed in other postcommunist countries, such as the Czech Republic and Slovakia.¹

This chapter argues that the primary reasons for difficulties in reforming Polish public administration, generally, and civil service, specifically, are related to path dependency. There is no doubt that in Poland, as in other Central and Eastern European countries, the legacy of communist politicization and centralization has been a serious burden to overcome. However, in the case of Poland these difficulties have been exacerbated by traditionally negative attitudes toward public administration; attitudes that were formed during the long Partition period that began in 1795 and ended in 1918.

2 The Significance of Path Dependency

The concept of path dependency is applied to highlight the importance of historic events, sometimes going back to the quite distant historical past, which deeply affects the functioning of current institutions.² In the case of Poland, traditionally negative attitudes toward public administration have influenced reform in terms of its delay and insufficiency. In addition, many civil service reform efforts aimed at developing a professional and apolitical civil service have been watered down or rejected outright. Furthermore, administrative issues were kept nearly absent from public debate, largely because of a generally disinterested citizenry, whereas antireform plans were aimed at weakening public administration or even returning to the former socialist status quo. These factors combined to generate an attitude of social indifference toward administrative reform in Poland.

Four relevant periods can be distinguished when analyzing the role of path-dependency factors in Poland: (1) the First Republic of Poland (especially in the 18th century), (2) the Partition period (1795–1918), (3) the Interwar period (1918–1939), and (4) the Communist period (1945–1989). In this analysis, particular attention will be paid to the Partition period and the Communist period.

The First Republic of Poland formed the Polish–Lithuanian Commonwealth and was shaped by the tradition of noble democracy. Nobles were an elite class comprising 6 to 10 percent of the population, which at that time in history represented a significant portion of the population when compared to many other European nations. Nobles believed the highest public positions should be available to them and that even elections for a king would be accessible to all “noble brothers.”³ Although the development of modern public administration was effectively halted with partition in the 18th century, Poland created the first modern constitution produced in Europe and the second document of its kind in the world. Reflecting back on this period of history, Antoni Mączak observed that Poles “had a great tradition of self-government but absolutely no tradition of a civil service”⁴ (quoting Mączak).

The Partition period of the Polish state began at the end of the 18th century, lasted for more than 100 years, and ended the existence of the sovereign Polish–Lithuanian Commonwealth. During the Partition period, Russia, Prussia, and Austria divided the commonwealth lands among themselves and governed its people. Radical modifications to perceptions of national virtues and citizenship occurred as loyalty and warm sentiments toward the nation became separated from state institutions. Extremely negative attitudes toward public administration were developed as Poles came to identify it with an apparatus of alien partition states and oppression. These attitudes were further exacerbated in Russia and Prussia during the second half of the 19th century when Poles were gradually eliminated from and forbidden to be employed within these respective administrative systems. The long-lasting effect of this distant but lengthy period is that it generated and consolidated

a sense of isolation in the Polish people from their governing institutions and their administrative apparatus.⁵

The experiences of the Partition period were not all negative, however. In Galicia, the territory of Austrian partition, Polish officials were a prominent presence, and some even held the most senior positions in politics and in central administration. Indeed, Polish nationals served as Austria's ministers of foreign affairs and the treasury and as Austria's prime minister during the Partition period.⁶ And despite the practice of banning Poles from public service employment in Prussia, the efficiency with which the Prussian state operated generated a level of appreciation toward its role in the Polish territories.

With the revival of Poland's independence after World War I came the challenge of creating a modern, efficient, and effective system by which to administer state business. During this Interwar period (1918–1939), Poland's government administration contained two categories of public employees: (1) state officials who were classified as civil servants, and (2) lower state functionaries who were classified as civil service employees. Civil servants enjoyed several benefits, including higher wages, additional holidays, and employment stability, which were not offered to civil service employees. It is also during this period between World War I and World War II that a model of a public service career was developed, and which was surprisingly preserved during the Communist period until the end of 1974.

Although the short-lived Interwar period marks the revival of Polish independence, it brought only limited results in overcoming the animosity established during the Partition period toward the state and its institutions. In addition to negative social attitudes toward state administration, the relative absence of Polish cadres with previous administrative experience made rebuilding the Polish civil service all the more difficult during this time. Only 15 percent of civil servants in Poland were previously employed in the administration of one of the partition states, and of these, most had done so for the Austrians.⁷ Nonetheless, the legal heritage of the Interwar period informed the development of Poland's CSAs of 1996 and 1998.⁸

Reference to the Communist period (1945–1989) is also crucial to understanding the specific nature of current civil service reforms and their inherent challenges. The formation of an efficient and apolitical civil service would have required a complete administrative transition, including the systemic restructuring of state functions to create a coherent and decentralized system of public administration and to build a professional civil service from scratch. Under communism, the Polish governance system included administrative apparatus that was formally—but not actually—separated from politics, and therefore no professional civil service corps existed.⁹ Thus, as in other countries under communist rule, Poland's public administration was completely subordinated to the Communist Party as the sole decision-making center. As a result, the communist legacy is one of passive government administration with blurred political–administrative divisions and extreme centralization of power.

Under communism, personnel policies concerning the employment of administrative staff, even at lower hierarchical levels, required compliance with the strict political criteria that formed the communist *nomenklatura* system. Professional qualifications were often of secondary importance when compared with the political reliability of job candidates. In addition, opposition to the communist regime led to the rejection of work in public administration by a wide number of Polish citizens, which also contributed to the rather poor quality of administrative personnel during this time. As a result, political domination and administrative passivity became the most negative legacies of communism with regard to public administration. Indeed, the most direct and serious challenges to reforming Poland's public administration system have centered on the difficulty politicians have with recognizing the importance of a professional civil service and ongoing resistance to eliminate or reduce direct political control over public administration.

3 Professionalizing the Civil Service

Although lasting efforts to establish a professional and an apolitical civil service in Poland truly began with the CSA of 1998, previous unsuccessful attempts to reform public administration and establish a professional civil service corps were undertaken in 1991 and 1993. Unfortunately, fragmentation of political power, instability of government (four government regimes in four years), and, perhaps most significantly, a lack of political backing in parliament for such efforts resulted in this reformatory work being almost completely lost.

One notable and positive step toward the development of apolitical professionals for civil service employment was the establishment of the National School of Public Administration (NSPA). Modeled on the French *Ecole Nationale d'Administration*, the NSPA enrolled its first candidates in 1991. Commenting on NSPA performance, two World Bank experts noted, "The NSPA is one of a few such institutions in the former Soviet bloc, and its impressive achievements should not be underestimated. In mobilising resources to tap into international experience on elite cadre training, it has planted the seeds of a very good higher civil staff college."¹⁰ However, the elitist character of the school resulted in only approximately 60 graduates each year, and it took 15 years for the total number of its graduates working in civil service to reach 600.

The next step toward professionalizing public administration took place in 1996 when the first CSA was passed. As a result of this act, Poland received praise and recognition for successes in advancing civil service reform and being "well ahead of most other countries in the region."¹¹ Unfortunately, however, the CSA of 1996 was in force for only less than one year, and its real influence on the development of a professional civil service corps was minimal. Nevertheless, the CSA of 1996 provided an important step in the development of the institutional framework for a more professional civil service insofar as it promoted the separation of

politics from public administration, which was part of a wider reform objective aimed at strengthening executive performance. Poland's central administration had been marked by several narrow branches of ministries as a result of the communist legacy. Through reform, however, the number of Polish ministries was significantly reduced to create more consolidated bureaucratic structure, and the role of the prime minister was gradually strengthened. Moreover, additional legislation supporting CSA reform identified and clearly distinguished politically dependent positions in public administration (those positions in which individuals changed with a change in government; i.e., ministers, vice ministers, and governors) from politically neutral positions.¹² Despite the fact that implementation of the CSA of 1996 stalled on grounds that it was politically biased because of accusations of favoritism toward communist cadres, this legislation nonetheless represents progress toward creating a more streamlined, efficient, and politically neutral public administration in Poland.

After parliamentary elections and a change of government leadership, a new CSA was enacted in 1998, in part to address the charges of political bias lodged against the 1996 act. Despite political differences between the reformers of 1996 and 1998, some parts of the institutional framework were preserved. For example, in both acts, a clear separation was drawn between the political and administrative spheres of responsibility insofar as directors general were recognized to hold the most senior administrative positions in ministries, central offices, agencies, and regional offices. As such, they were responsible for managing their respective institutions and the personnel within them.

The main challenge of public administration following the collapse of communism was to improve its professional standards and performance. Reformers sought to achieve these objectives through the CSA of 1998, which became the act with primary influence on professionalizing the civil service for the next eight years; longer than any previous CSA. Consistent with Polish tradition, this act made a clear distinction between civil service employees (lower state functionaries employed on the basis of job contracts) and civil servants (appointed state officials). However, to clarify professional standards and develop a more apolitical civil service, the CSA of 1998 introduced the requirement of a professional qualifying examination (*mianowania*) for all civil service employees wishing to become civil servants. Civil service employees who chose to take and successfully passed the qualifying exam would automatically obtain civil servant status and would then become eligible for recruitment to nomination positions—civil service posts reserved for individuals who had taken and passed the qualifying exam. Implemented in mid-1999, the requirements for a candidate to enter the nomination process as articulated in the CSA of 1998 were (1) to be a civil service employee, (2) to have completed six months of preparatory service, (3) to have at least two years' work experience within the civil service, (4) to hold a master's degree, (5) to have command of at least one foreign language, and (6) to be a reservist soldier or not otherwise be subject to conscription. In recognition of the professional standards emphasized and

employed by the NSPA, the CSA of 1998 exempted graduates of this school from the qualifying exam and the preparatory service requirement and instead required them to merely submit a formal application to be considered for civil servant status and nomination positions.

Passing the qualifying exam and becoming a nominated civil servant also brought into view benefits such as increased wages, seniority, additional holidays, and guaranteed employment stability for what was projected to be an increasing number of professionally qualified, nominated civil servants. Thus, the intent of the reformers who crafted the CSA of 1998 was to lay a sound foundation for professionalizing Poland's civil service by establishing clearly defined professional standards, requiring a professional qualifying examination for civil servant status, and gradually increasing the proportion of civil servants who would be recruited to occupy nomination positions and comprise the professional corps within Poland's civil service.

Requirements to become and receive the status of a civil servant were high to enhance the professional competence and political neutrality of the civil service. Therefore, the pace of nominations—the rate of increase in the number of those who passed the professional qualifying exam and therefore became eligible for nomination positions—may be regarded as a good indicator of the development of professionalization within Poland's civil service system (see Table 7.1). In the early years of implementing the CSA of 1998, government plans for development of professional, nominated civil servants were rather moderate, with expected nominations of approximately 2,500 each year between 2000 and 2002. Reformers assumed that the final number of nominated civil servants would eventually reach 30,000. In reality, however, the pace of nominations was extremely slow and fell well short of government expectations during these three years. As shown in Table 7.1, 458 non-NSPA candidates volunteered to take the qualifying exam required for nomination to professional positions within Poland's civil service in 2000. There were, however, 2,539 positions available to qualified non-NSPA candidates in that year. As Table 7.1 shows, only 458 non-NSPA candidates volunteered to take the exam, thus resulting in the capacity to have no more than 18 percent of the available nomination positions open to non-NSPA graduates filled with qualified individuals in 2000. Moreover, only 204 of the 458 exam takers (44 percent) passed the exam in that same year. As a result, the number of available nomination positions open to non-NSPA graduates was substantially reduced from 2,539 in 2000 to fewer than 500 in each of the subsequent three years. Finally, with an average passing rate of only 57 percent for the candidates taking the qualifying exam required for nomination in the three years between 2000 and 2002, the number of professional, nominated civil servants anticipated as a result of the CSA of 1998 was eventually reduced by half to 15,000.

In addition to the lower than expected rate of exam takers passing the exam, data shown in Table 7.1 reflect a continuing shortage of qualified candidates coming from within civil service who were willing to take the exam and enter the

Table 7.1 Trends in Poland's Civil Service Nominations

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|------------------|------|------------------|------------------|-------|-------|-------|
| Total available nominations | 2,800 | 500 | 400 ^a | 450 ^b | 600 | 1,500 | 3,000 |
| NSPA graduates receiving nominations | 261 ^c | 58 | 62 | 52 | 48 | 58 | 61 |
| Remaining nominations available for non-NSPA candidates | 2,539 | 442 | 338 | 398 | 552 | 1,442 | 2,939 |
| Candidates taking exam | 458 | 324 | 374 | 633 | 1,406 | 4,176 | 3,456 |
| Candidates passing exam | 204 | 218 | 229 | 395 | 830 | 1,753 | 1,810 |
| Non-NSPA candidates receiving nominations | 204 | 218 | 229 | 395 | 552 | 1,440 | 1,784 |
| Grand total of nominations received | 465 ^c | 276 | 291 | 447 | 600 | 1,458 | 1,845 |

Source: Adapted from *Yearly Reports of the Chief of Civil Service (Sprawozdania Szefa Służby Cywilnej)*, Office of the Civil Service, Warsaw, http://usc.gov.pl/usc/index.jsp?place=menu06&news_cat_id=224&layout=1.

Note: NSPA = National School of Public Administration.

^a According to 2002 budget proposal.

^b According to 2003 budget proposal.

^c In March 2000, 208 NSPA alumni who graduated in previous years received nominations.

nomination procedures. Four main reasons are offered to explain this phenomenon. First, a sense of instability developed as the CSA of 1996 was swiftly replaced (by a new government) by the CSA of 1998, which produced abrupt changes to the rules of the administrative game with regard to nominations procedures. Potential candidates wanting to take the professional qualifying exam had serious reservations given that some of the nominations earned under the CSA of 1996 had been withheld by the new government, and some candidates feared that nominations earned under the CSA of 1998 could face the same fate. Second, the exams were perceived to be difficult, and financial incentives were not attractive. Third, a mere 10 percent of civil servants were able to fulfill the foreign language requirement. Finally, traditionally negative attitudes toward public administration played a crucial role. Only gradually did members of Poland's civil service develop a sense of stability in the new institutional order, decide to improve their qualifications, and apply for the qualifying examination required for nominations.¹³ Thus, as a result of the candidate shortage, the low rate of passed exams, and the ongoing struggle to overcome the communist legacy of politically captured government administration, plans for professionalizing civil service were scaled back significantly.

The situation improved in 2003, when the number of candidates taking the professional qualifying exam nearly doubled to 633 as compared to 374 in the previous year (see Table 7.1). For the first time, government expectations were underestimated in 2004, and the number of non-NSPA candidates taking the qualifying exam was more than 2.5 times the number of available nomination posts. In response, the government nearly tripled the number of available nomination posts to 1,500 in 2005 (1,442 of which were left available to non-NSPA graduates after NSPA graduates were given priority to fill 58 posts), as compared to a total of 600 available positions in the previous year. The proposed number of available positions for 2006 was even more substantial, as it was doubled to 3,000, with 2,939 of those positions left open to qualified non-NSPA graduates. As these data suggest, and after many initial difficulties, it seemed that efforts to professionalize the Polish civil service were finally beginning to produce positive results.

Passage of the CSA of 2006, however, appears to have reversed this positive trend toward professionalization, as the rapid increase in civil service nominations during the past three years has been perceived as a source of threat to the professional corps within the civil service. Because the communist legacy remains deeply rooted in the Polish political culture, civil servants nominated under postcommunist governments were viewed with distrust amid suspicions that the new regime was not making a distinction between senior civil servants and political appointees. This culture of suspicion was reinforced by new regulations implemented in 2006, through which senior administrative positions had officially become political spoils. In fact, the CSA of 2006 radically redefined the concept of the Polish civil service by limiting civil servants to lower administrative positions, thus reserving senior positions for individuals with political connections. Critics suggest that, in reality, the CSA of 2006 represents the end of the apolitical civil service corps in Poland. Reflecting this opinion, the former chairman of the Civil Service Council described the current nature of the Polish civil service as a return to the communist *nomenklatura* system.¹⁴

Incentives for civil service employees to apply for nominations have also been seriously undermined by the CSA of 2006. Instead of two years of administrative experience, candidates for nomination are now expected to have worked in an administrative capacity for three years. And rather than requiring command of a single foreign language, the foreign language requirement is now limited to the working languages of the European Union (EU).¹⁵ In contrast to the raised expectations of those applying for the nomination process, standards pertaining to individuals just beginning work in administration have been minimized, and the six-month preparatory service required under the CSA of 1998 as a starting point to develop a professional public service was reduced by half and became optional. Taken together, these changes resulting from the CSA of 2006 may seriously undermine the professional development of the Polish civil service in the long run.

Furthermore, additional regulations came into force in May 2006 that were aimed at promoting the transfer of local government employees and those employed

by the Supreme Chamber of Control (NIK) into the civil service. It is widely perceived that the reason for singling out representatives of these two groups for civil service employment is that the current president, Lech Kaczyński (2005–), had performed managerial functions in these favored institutions earlier in his career. Consequently, these regulations became the loopholes by which the president could promote his “own people” into the civil service corps. To the extent there are variations in recruitment and promotion procedures employed in civil service as compared to those utilized by local government and the NIK, these regulations are incompatible and may breach the constitutional principles of equal access.¹⁶ As of this writing, legislation is awaiting the verdict of the Constitutional Court to resolve this problem.¹⁷

4 Toward Separating Politics From Administration

Given the reality that the communist *nomenklatura* legacy is difficult to overcome, separating politics from administration and establishing a neutral civil service corps are often regarded as two of the most serious challenges facing Polish politicians today. An extensive system of spoils has been adopted and employed by each successive government in Poland since 1993. In addition, the difficulty of separating politics from administration may be viewed as a product of limited knowledge and understanding of the concept of the civil service within Polish society as a whole. For example, a recent survey revealed that only 22.5 percent of Poles have ever heard of the term *civil servant*. And even among those who are familiar with this term, only 5 percent of those surveyed could define it correctly.¹⁸

Efforts to delineate Polish politics from administration may be distinguished in two main stages. The first stage began in 1996 and lasted for 10 years. Formal borders between politics and administration were drawn at the beginning of this stage, although attempts to expand political control over administration were evident in the actions taken by individual politicians and, to a lesser degree, by adopted government policies. Actions to enhance the civil service also appeared during this 10-year period, as previously discussed. The second stage began in August 2006 when new regulations that formally blurred politico-administrative divisions were passed. This can be interpreted as the most radical form of politicization insofar as formal restrictions limiting political control of administration were eliminated.

The first stage of politico-administrative relations provided two main achievements by defining administrative and political positions and by formally distinguishing between the two in the CSA of 1996. Nunberg and Barbone highlighted that “the passage of the law, which took place after numerous redrafting and intense political conflict, represents a significant advance. It provides the legal basis for a politically neutral civil service, clearly separating civil servants from political appointees.”¹⁹ Nevertheless, to the extent the CSA of 1996 favored former communist cadres and largely excluded former communist opposition members

from professional administrative positions, some of its regulations were politically biased. The separation of politics from administration was reconfirmed one year later, however, with the adoption of the 1997 constitution. The constitution clearly forbade the functions of Poland's members of Parliament (lower house, *Sejm*) and senators (upper house, *Senat*) to be combined with those of government administrators, with the exception of the prime minister and ministers and secretaries of state. Poland's 1997 constitution also made direct reference to the expected apolitical character and professionalism of the civil service in Article 153.

The main challenge in creating a professional civil service corps was to prevent political interference in its formation, a temptation that was increased by the parliamentary elections of autumn 1997. For example, although 300 candidates had completed the qualifying exam required for nomination in the two months preceding the parliamentary elections, evidence suggested that special training was provided for "own group" candidates, and manipulation of certification to meet the foreign language requirement to promote "own" cadres was suspected. Consequently, the newly elected government of Jerzy Buzek (1997–2001) accused its predecessors of politicizing the administrative process and was able to prove such political manipulation by the preceding regime.²⁰

The essence of difficulty in building an apolitical civil service in postcommunist countries is represented by the policy adopted toward directors general in government regional offices. Generally speaking, directors general hold the most senior administrative positions in Poland's civil service, and according to the rule of law, their positions are to be preserved even if the government changes as a result of an impending election. Therefore, the appointment of 35 out of 49 directors general immediately preceding the 1997 parliamentary elections was especially controversial, because some of these 35 appointees were former communist *apparatchiks* who abruptly resigned from party membership to quickly appear to have transformed themselves into apolitical civil servants. The Peasant Party, the junior partner in Poland's coalition government, was so offended by these "apolitical pools of spoils" that it threatened to leave the governing coalition.^{20, 21}

In response to such questionable behavior, the Buzek government not only initially withheld nomination procedures but also proposed a new CSA, which passed parliament in December 1998. Despite the positive evaluation of the CSA of 1998 and acceptance of the arguments concerning serious politicization of the CSA of 1996, adoption of the new act served to reinforce the existing philosophy of political interference in the functioning of the civil service through institutional reform when conditions were unfavorable for the government. Nonetheless, the goals of professionalizing civil service and protecting civil servants from politicization were again advanced, this time by the introduction of registered competition procedures for senior civil service positions. Competitions, at least theoretically, would result in senior positions being awarded to the best qualified candidates as determined by their professional credentials and their performance on qualifying exams. It was assumed that in the majority of cases, the winners of competitions would be

nominated civil servants who had earlier proved their professional qualifications, although competitions were also open to other candidates. It is in this vein that competitions provided a mechanism by which bureaucrats employed in positions other than mandated civil service posts could be promoted.²² Although there were frequent irregularities in the competition procedures, reformers' efforts to strengthen neutral competence in the civil service gradually and eventually proved beneficial and can be viewed as a positive development in Polish administrative reform.

Not surprisingly, decisions concerning senior administrative positions proved to be the most difficult civil service arena in which to ensure the separation of politics from administration. In the case of Poland, this can be positively measured on one hand by the proportion of positions in which position holders were selected as a result of competition procedures. On the other hand, however, the scale of politicization in the selection process can be measured by the proportion of those who were appointed as "acting managers." As shown in Table 7.2, the number of registered and publicly announced competitions is significantly smaller than the number of vacant senior positions in each of the six years for which data are presented. However, to the extent the exact number of vacancies was fluctuating over time, interpretation of the data provided in Table 7.2 is not entirely straightforward. Further complicating precise understanding of the extent of politicization of the civil service is the fact that organizational changes were sometimes instrumental in dismissing cadres appointed during the tenure of the previous government.

The introduction of the CSA of 1998 during Buzek's government was a time of focused efforts to employ competition procedures for senior administrative positions, although the number of vacancies was relatively small at this time.

Table 7.2 Trends in Competitions for Senior Positions in Poland's Civil Service

| Year | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|-------|-------|-------|-------|-------|-------|-------|
| Total number of senior positions | 1,630 | 1,678 | 1,657 | 1,430 | 1,549 | 1,606 | 1,732 |
| Senior position vacancies | 79 | 291 | 451 | 737 | 759 | 697 | 596 |
| Senior positions registered for competition | 83 | 215 | 146 | 216 | 671 | 338 | 383 |
| Competitions publicly announced | 8 | 123 | 191 | 143 | 226 | 328 | 367 |
| Competitions conducted | 0 | 64 | 153 | 101 | 185 | 308 | 282 |
| Senior positions filled through competition | 0 | 21 | 121 | 64 | 175 | 254 | 174 |

Source: Adapted from *Yearly Reports of the Chief of Civil Service (Sprawozdania Szefa Służby Cywilnej)*, Office of the Civil Service, Warsaw, http://usc.gov.pl/usc/index.jsp?place=menu06&news_cat_id=224&layout=1.

And although the number of vacancies for these positions increased under Leszek Miller's government (2001–2004), the pace of competition significantly slowed. For example, in the 22 months between January 2000 and November 2001, 428 competitions were registered, whereas only 265 competitions were registered in the 17 months between November 2001 and April 2003.²³ Moreover, especially radical attempts to interfere with appointments to senior positions in civil service took place during Prime Minister Miller's tenure, when in December 2001, an amendment aimed at facilitating increased political control of the civil service was added to the CSA of 1998. This amendment, Article 144a, withdrew the requirement to conduct competitions for senior administrative positions because these competitions were the main existing barrier to administrative politicization.

The withdrawal of competition procedures was subsequently recognized as a breach of the constitutional principle of equal access based on merit, and Article 144a was reversed one year later by the Constitutional Court. In 2003 and after annulment of Article 144a, the number of registered competitions nearly tripled to 671, although only 226 competitions were publicly announced as a result of serious challenges to the defining criteria required for the majority of those 671 positions. In addition, 65 percent of controlled senior administrative positions were filled by "acting managers," many of whom were appointed without being subjected to competition procedures.²⁴ In sum, these behaviors may be interpreted as a form of political sabotage by the numerous ministers and regional governors who opposed reducing political control of public administration in Poland.²⁵

The situation improved during the tenure of the next prime minister, Marek Belka (2004–2005). His declaration that the time for "fake civil service is over" created a positive atmosphere, which produced a marked increase in the number of publicly announced competitions. Moreover, there was a significant increase in the proportion of competitions conducted when measured against the number of available vacancies during Belka's tenure.²⁶ Unfortunately, individuals working as acting managers frequently received favorable treatment during competitions and consequently often won them.²⁷ Finally, in May 2005 Prime Minister Belka enacted legislation that expanded competition procedures to include 34 chiefs of central offices and agencies in an effort to, once again, move toward increasing professionalism and strengthening the separation of politics from administration in Poland's civil service.²⁸

The transitory regulations of the CSA of 1998 ended in mid-2004, and since that time, competition procedures for senior administrative positions have been limited to include only nominated civil servants. This has resulted in a significant increase in the proportion of positions for which no competitions have been conducted. For example, there were no competitions for only 0.4 percent of available positions in the first half of 2004, when those who were not nominated civil servants—mostly political appointees—were allowed to enter competition procedures. In contrast, during the second half of 2004, when the requirement of nomination became effective, the proportion of senior administrative positions for which there

were no competing candidates increased to 22 percent, and this percentage rose again to 31 percent in 2005,²⁹ thus creating a shortage of qualified candidates to fill senior positions in the civil service.

The current structure and functioning of public administration in Poland are defined by two principal legislative acts passed in 2006, both of which formally question the validity of separating politics from administration: the CSA of 2006 and the State Personnel Reserve Act. The State Personnel Reserve Act created a new governmental institution, the State Personnel Reserve (SPR), which is currently in its infancy. Personnel resources for the SPR are comprised of two groups: (1) nominated civil servants and (2) those who pass the entry exam organized by the NSPA. The NSPA-designed exam is most often taken by those individuals who are politically affiliated and dependent. To the extent preference is given to politically biased exam takers at the expense of qualified civil servants, this arrangement will surely undermine the stability of employment for nominated civil servants who decide to enter the SPR, thus further enhancing the politicization of public administration.

The principal idea of the SPR raises fundamental doubts about the future existence of the civil service for senior positions and the model of the civil service as defined in the Polish constitution. The SPR has been established to appoint personnel to top administrative positions in central and regional governance (i.e., directors general; directors of departments in ministries, central institutions, and regional offices; chairmen of central offices and agencies; regional governors). In addition, appointments to these positions will be made by the prime minister or ministers who will choose their candidature from the SPR and who will have the right to dismiss them at any time. This formula overrides the previously noted competition procedures for senior administrative positions. In other words, most nominated civil servants enjoying stability of employment will be replaced by political appointees who, wishing to preserve their positions, will be even more indebted to their political patrons. These types of political appointments, authorized under the CSA of 2006 and with the creation of the SPR, extend to all senior positions in Poland's civil service. The new regulations further reflect substantial weakening of the civil service by liquidating the Office of the Civil Service, which was committed to developing professional and apolitical public administration and to transferring its responsibilities to the prime minister's chancellery. On a more positive note, however, if these new regulations lead to an eventual increase in the professional qualifications and competencies of politically affiliated individuals appointed to senior positions within civil service, the 2006 CSA and the SPR may ultimately increase, to some extent, professionalism of Poland's public administration as a whole.

5 The Influence of EU Membership

It is clear from previous discussions that establishing and promoting a legally and clearly defined public service have been evolutionary processes that began prior to Poland's seeking membership in the EU. Thus, although enlargement of the EU may have helped to accelerate the development of public administration in Poland, it cannot be recognized as the main incentive to establish a legally defined and professionally competent civil service.³⁰ Instead, domestic actors assumed the primary role in initiating that process, with EU influence being considered only to a limited extent. The following discussion examines the ways in which the EU accession process and EU membership in 2004 have influenced the nature of the civil service in Poland.

When analyzing the relationship between Poland's integration into the EU and professionalization of the Polish civil service, one must consider the role of the European Commission's (EC's) *Regular Report From the Commission on Poland's Progress Towards Accession*. Indeed, the 1998 report highlighted the delays in civil service professionalization when the EC noted, "Development of the civil service remains a significant constraint on Poland's preparation for membership."³¹ A repeated issue noted in subsequent reports was the slow pace of development of an apolitical civil service by making reference to the nomination procedures. Subsequent reports also raised questions concerning whether Poland would be able to improve its administrative capacity, even in the medium term, to defend itself against political pressure. For example, in its 2002 report the EC stated its concerns about the consequences of Poland's introduction of Article 144a, which eliminated the requirement to conduct competitions and allowed politically connected candidates who were not members of the civil service to be appointed to senior administrative positions within the corps.³² And although Prime Minister Miller declared himself a Euro-enthusiast in an attempt to emphasize his efforts to prepare for EU membership, Miller's professed support of an apolitical civil service was clearly undermined by the philosophies and values of his communist past, which manifested themselves in increased politicization of the Polish civil service.

Poland's desire to join the EU did have influence—albeit limited influence—on the nature of Poland's civil service, as it may be argued that the most serious and radical antireform actions were withheld as a result of the EU accession process. For example, the formal separation between politics and administration first articulated in the CSA of 1996 was ultimately preserved, the CSA of 1998 was in effect for eight years despite politicians' temptations to replace it, and the Office of the Civil Service was not abolished until 2006 (and after Poland joined the EU in 2004), despite initial declarations to the contrary made during the 2001 election campaign of Prime Minister Miller. An action plan for strengthening Poland's administrative and judicial capacity was developed during Poland's preaccession period and was adopted in January 2002. This action plan identified successive steps required to

achieve and maintain an adequate public administration and an adequate judiciary, and it provides one example of close cooperation between Poland and the EC.³³

Nonetheless, Poland's historical legacies, social attitudes, and enacted legislation combined to allow for relatively radical politicization of public administration, which was primarily limited as a result of domestic constitutional constraints rather than as a result of EU accession or enlargement. The EC's report of September 2003 summarized Poland's progress when it stated, "The legislation and structure necessary for the proper functioning of the civil service, as well as the public administration as a whole are in place, and no major changes are foreseen in the near future. The civil service law has been in force since July 1999 and is generally in accordance with EU standards. ... The implementation of the law has, however, proved difficult, and it has not fully addressed the problems it was intended to solve, namely politicization and lack of professionalism in the public administration."³⁴

In the ongoing debate concerning EU integration, Poland's public administration is often compared to other European models. Most commonly referred to are the four traditional models (Westminster, Napoleonic, Weberian, and Swedish) from which Poland and other former postcommunist countries have gained inspiration for administrative reform in concert with their own respective administrative traditions and values.³⁵ As an alternative, the use of market-based techniques inherent to a model widely referred to as New Public Management (NPM) are discussed, but NPM has had limited attraction in Poland to date. A former deputy chief of the Polish civil service argued that today's Poland represents a mixed model, in contrast to the European and NPM models, that more closely resembles a traditional career model in relation to such issues as preparatory service, the guarantee of permanent employment for civil servants, a procedure for appointments to senior positions, and a system of remuneration in civil service.³⁶ Indeed, most postcommunist accession countries represent such a traditional career model, as this model tends to prioritize preserving the political neutrality of the civil service, which is generally one of their greatest governance challenges.³⁷

Although EU membership has thus far resulted in impacts felt only indirectly, it has to some extent influenced Poland's movement toward increased civil service professionalism, limited administrative politicization, and enhanced efficiency in public administration. Thus, EU membership for Poland should be regarded as a positive development despite its limited influence to date. And given Poland's experience with fits and starts in administrative reform, the full effect of EU membership for this nation will be realized only in the future.

6 Conclusion

In the case of Poland, path-dependence factors have been strongly unfavorable to administrative reform, as these factors encompass traditionally negative attitudes toward administration as well as a history of politicization of administration.

Consequently, Polish civil service reforms have lagged far behind other political, social, and economic reforms. The pace of civil service reform has thus far been slow, and current legislation can be interpreted as bringing the development of a professional and apolitical civil service to a halt or, perhaps, as being a complete derailment of such development.

Although the CSA of 1998 formed a sound basis for the development of a professional and apolitical civil service by articulating clearly defined professional qualifications, requiring a qualifying examination for civil servants, establishing nomination procedures for a professional corps within civil service, and establishing competition procedures for civil servants seeking senior administrative positions, the snail's pace of developing a professional and politically neutral civil service corps has raised serious questions about civil service functioning in reality. Historically, negative social attitudes toward administration have contributed to the slow development of a professional civil service and prevented working in public administration from being perceived as a potentially attractive career. In addition, a severe lack of public knowledge about the civil service corps has further exacerbated attempts to develop and professionalize the civil service and has left little room for meaningful defense against political attack.

Administrative performance is critical to further progress of postcommunist reforms designed to meet the new challenges of EU integration and to achieve the efficient functioning of a democratic state. And although current reforms under the 2006 CSA may be viewed as a retreat to the *nomenklatura* system, the necessity to strengthen Poland's administrative capacity will eventually be realized as a combined result of internal and external pressures.

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Chapter 8

Unfinished Modernization: Public Administration Reform in Postcommunist Romania

Sorin Ioniță

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1 Poor Governance and Weak Administration

There is ample evidence that sustainable growth is heavily dependent on the quality of governance in a particular country. One of the most complete assessments supporting this contention analyzed data pertaining to 175 nations by aggregating the main cross-country measurements produced by various organizations. This assessment, produced by the World Bank, reports a strong and positive causal link between the quality of policies and administration on one hand and economic performance on the other.ⁱ Even more interesting, the authors reported a weak and *negative* causation running in the opposite direction, from per capita income to governance, after controlling for the first positive effect. In other words, good governance leads to growth and prosperity, but economic growth and greater prosperity do not by themselves bring about good governance. On the contrary, sometimes they can encourage poor governance.

These conclusions have significant policy implications, especially in the transition countries that overturned the communist regime between 1989 and 1991. Waiting for time to pass and solve the problems of poor governance as society gets richer does not work. Actually, it may even aggravate them because greater wealth only raises the stakes of social transactions without changing their nature and increases the pressure of rent seeking,ⁱⁱ state capture,ⁱⁱⁱ and bureaucratic corruption inherited from the communist regime. As posited by Kaufmann and Kraay of the World Bank, “When the institutions of the state are captured by vested interests in this way, entrenched elites can benefit from a worsening of the status quo of governance and can successfully resist demands for change even as incomes rise.”¹

Therefore, good governance is not a luxury good to which a country automatically graduates when it gets richer. Reforms in this area should be regarded as a separate goal to be pursued with determination and specific strategies. Because there is no specific *acquis communautaire*^{iv} on public administration reform to guide policy, new European Union (EU) members and EU candidate countries must find the required resources and muster the public support needed for this crucial point on their development agendas. This chapter aims to analyze in a comparative context the extent to which this strategic goal has been accomplished in Romania.

Figure 8.1 shows that the countries of Central and Eastern Europe (CEE) have advanced with various degrees of success toward the goal of good governance.² In Figure 8.1, the score on the vertical axis is an aggregation of six indicators that compose a composite index of governance quality: accountability, government effectiveness, regulatory quality, rule of law, control of corruption, and political stability. Each score represents a value between -2.5 (lowest possible score) and $+2.5$ (highest possible score) for the countries of CEE: Estonia, Slovenia, Hungary, Lithuania, Slovakia, Latvia, Czech Republic, Poland, Bosnia-Herzegovina, Bulgaria, Romania, Albania, Yugoslavia, Ukraine, Russia, and Moldova. The aggregate scores for each of these countries fall within the range of $+1.2$ and -1.0 . Unfortunately, Romania scores last among EU accession countries on this index of

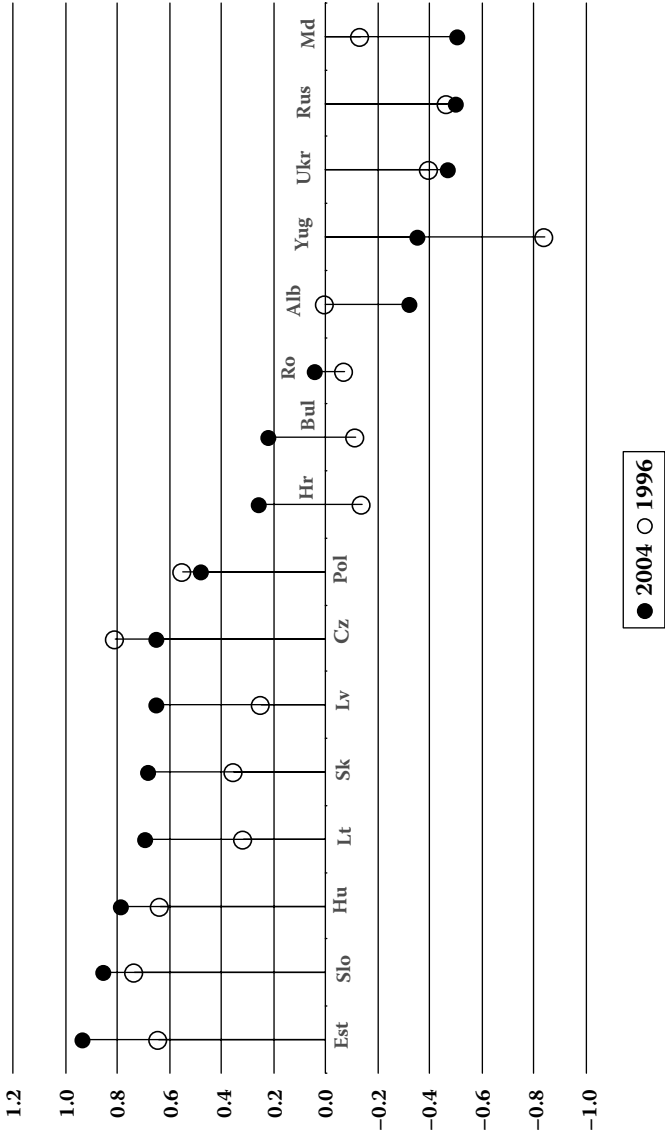


Figure 8.1 Quality of governance scores in countries in Central and Eastern Europe (1996 and 2004). (Adapted from Kaufmann et al., *Governance Matters IV: Governance Indicators for 1996–2004*, World Bank, Washington, 2005.)

governance quality and had registered the smallest improvement in performance until 2004.⁷ Explaining the relative failure to improve the quality of governance in Romania during the first decade and a half of transition should therefore concentrate on identifying a number of concrete operational dimensions of the public administration reform process that may account for this result.

There are two main contentions posited in this chapter. First, when administrative performance in a transition country is poorer than expected, it can be explained by failed reforms on two crucial dimensions of public governance: public administration reform proper (structure and stability of public institutions within central and local government, and civil service issues) and the process of decision making. And second, the flawed policy process, probably the most crucial and ignored source of poor governance in the region, is characterized by little public consultation, hasty decisions, and poor implementation capacity in the public sector. Public debates, identification of crucial trade-offs, and mediation of conflicting interests occur, if at all, only *after* policies are implemented, which creates uncertainty, confusion about goals, and ultimately mistrust in public institutions. The immediate symptom of this model of “governing by default” is the large gap between official plans and strategies on one hand and what gets implemented on the other. Until these problems are explicitly dealt with, there is little chance that government decisions will achieve their desired results.

This story also has a moral pertaining to the process of EU accession for transition countries. Without marked improvements in governance systems, nonenforced EU-compatible laws will continue to amass and enlarge the aforementioned gap between stated norms and reality, like a legalistic Potemkin village erected by authorities in heroic efforts to modernize their societies at breakneck speed.

2 What Is Public Administration Reform?

Three main components can be identified in the domain of public administration reform (PAR) in Romania today. They include the issues of decentralization; civil service reform, including the fight against corruption; and decision-making reform, including the issues of transparency and accountability.

True decentralization implies the existence of subnational tiers of elected government, with their own respective legitimacy and scope of decision making. A good process of decentralization presupposes a clear assignment of attributions and sources of revenues distinguished by tier of government. If decentralization is to be something more than window dressing, the relation between central and local governments has to be defined through iron rules protecting the areas of exclusive local autonomy. Resources shared among different tiers of government have to be allocated according to transparent and objective criteria.

A professional, politically neutral, and stable bureaucracy must be created to ensure it is able to carry out the daily routines of public service delivery and assist

political decision makers with quality technical advice. This, however, has generally been considered a fuzzy area of postcommunist reform because progress is harder to measure than in, say, privatization. Nonetheless, progress toward a more Weberian-type bureaucracy may be monitored and assessed along a number of dimensions. First, entry in the civil service must be open and competitive. Second, regularly scheduled and objective performance evaluations must exist and should inform compensation and promotion systems. Third, civil servants must be insulated from illegitimate political pressure. Fourth, fair procedures must be created for disciplinary action. Fifth, training for civil servants must be available and should facilitate professional development over time. Sixth, civil service positions must be attractive to qualified individuals, and certain proportionality should be maintained with salaries in the private sector. Seventh, the total cost of operating public bureaucracies must be affordable and transparent, while sector-specific compensation rules and discretionary adjustments to salaries should be reduced to a minimum.

Policy formulation and policy decision processes in a modern administration ensure that top cabinet meetings are managed in a way that allows participants to focus on strategic objectives rather than to be burdened with details of legal drafting. There is also a system of cabinet-level subcommittees to coordinate a number of broad policy areas and screen new proposals before they reach the plenum. In modern Western administrations, a good part of such arbitrage takes place at this level of subcommittee review. When this is done, important measures are first presented to the cabinet as short policy options papers outlining the main problems, trade-offs, and solutions. Draft laws are produced only afterward, and this is when the hard choices are explicitly made. Proper consultation with the main stakeholders should be organized during the stage of discussing policy options, and policy implementation assumes that subordinated institutions are given clear mandates and freedom to manage themselves and are held accountable for results.

In brief, the core philosophic principles at the heart of public administration reform in the postcommunist world are the separation and delegation of powers. Essentially, in the region of CEE it is all about the gradual and orderly withdrawal of the central political power from local community affairs and daily routines of bureaucratic work. New institutions and processes that promote accountability have to be inserted into the released space, many of which will involve nonpolitical actors. Public sector institutions and their employees must become primarily accountable to their clients—the broader public—and only subsequently accountable to their superiors. As a rule, all the relevant information produced by a public organization for reporting and management purposes, whether financial or nonfinancial, should be made *ex officio* available to the public in meaningful forms. Taken together, these recommendations amount to a complete overhaul of the existing institutional culture of the postcommunist public sector.

3 Stumbling Blocks in Administrative Reform

A number of actions have been initiated during the past two decades in Romania, like elsewhere in the region, to address these PAR requirements and improve Romania's scorecard in cross-country evaluations.^{vi} Among the three areas of reform previously noted, decentralization is probably the one in which the most progress has been realized since 1990. By and large, a reasonably functional system of local governance was created through successive legislative acts adopted in 1991, 1994, 1998, and 2001. Local autonomy was substantially increased in 1998–1999, when local taxation discretion was increased and formula-based rules were introduced for a number of financial transfers from the national budget. Serious problems remain, however, with enforcing the formal rules of the decentralization game, and this creates perverse incentives, clientelism, and inefficiency in local governments. Crucial policies and procedures are ignored, interpreted creatively, or openly not complied with to perpetuate old patterns of patronization and subordination of lower tiers by upper levels of government. In turn, those local governments with the right political connections enjoy a loosely managed environment in which there are no hard budgetary constraints and everything is negotiable on a case-by-case basis. Certain financial allocations are made in defiance of the State Budget Law to build political networks within a given territory. Other allocations, such as funding to support and improve infrastructure, are not only discretionary but also opaque, so it is hard for independent observers or the public to see where the money went and why. Unfortunately, tolerance for such historically entrenched practices remains high in Romania today.

To address the broader problem of integrity in administration, a comprehensive anticorruption legislative package was adopted and has been improved several times. It includes, among other things, asset and interest disclosure requirements for top dignitaries and civil servants, measures to enhance the anticorruption institutional framework, and new civil service laws. These laws aim at better defining the scope and status of the civil service in Romania and raise the threshold in the process of depoliticization by transforming a number of senior appointed positions into a special class of senior civil servants. The office of the county prefect^{vii} is one example of such a position affected by the new civil service laws. A Freedom of Information Act and a sunshine law also came into effect to open the decision-making process to public consultation and participation. In addition, new public procurement procedures were implemented, including the incorporation of an e-procurement system, to enhance administrative integrity.

A number of special interministerial committees were established to deal specifically with public administration reform issues, and a permanent Central Unit for Public Administration Reform (CUPAR) was established within the new Ministry of Administration and Internal Affairs to assist the process and organize broad consultations with social stakeholders. In addition, the National Institute for Administration (INA) was created directly under the national government as a special

institution of higher education and was designed to provide executive programs for and award a university degree to senior civil servants. Finally, with the help of donors (mainly the EU), special study grants and fast-track career schemes were created for young would-be civil servants educated in Western universities.

However, it is questionable that all this legal and institutional frenzy has always produced useful outcomes. Overall, the same general impression lingers that laws are passed to check boxes in the matrices of conditionality imposed by international partners, rather than these laws having meaningful impacts in reality. The Civil Service Law was adopted as a precondition for Romania to be admitted to start EU accession negotiations in Helsinki in 1999. Its purpose was to insulate public officials from political pressure and institute a civil service with European-style discipline, professionalism, and high spirits. However, this Civil Service Law presented no obstacle against a politically motivated reshuffle of the public sector when a new government assumed power. And in some cases, only the names of institutions were changed as a pretext for reorganization and the subsequent dismissal of nominally stable civil servants.

In Romania, some administrative changes have been well intended but half-baked. For example, the legal obligation that each of the 110,000 civil servants from the central and local administrations take at least seven days of training per year creates an annual public liability estimated at about US\$50 million. This requirement exceeds by far the current supply of training on the Romanian market, and government officials have admitted that the INA can cover only about 10 percent of the demand, at best. And the INA has problems. Having adopted the French *Ecole Nationale d'Administration* (ENA) as a model for training senior civil servants, the Romanian version of such institutionalized administrative training is unlikely to replicate anytime soon ENA's strengths (e.g., top-class education and *esprit de corps*), although it is very probable to replicate its weaknesses (e.g., club mentality and a preference for deals based on informal personal connections). Such weaknesses will only reinforce existing shortcomings in the Romanian civil service and will probably add exotic flavors to the original educational model when transplanting it to a Balkan country.

This environment makes the life of civil servants in Romania very difficult and very different from the environments of their Western counterparts. The combined action of uncertainty and relatively low payment^{viii} creates a civil service that is not only less professional than those in developed countries but also much more heterogeneous.³ The majority of its members are petty clerks who survived in their functions since communist times or are new dropouts from the private sector. Frustrated by their low income but unsure enough of their own skills, they cling to their civil servant jobs by taking refuge in safe daily routines, playing bureaucratic power games, and yielding to political pressures coming from above.

On the other hand, a bolder strategy is pursued by a small number of people, especially at the higher echelons, who regard a stage in the civil service as an investment in their professional résumé, a future political career, or a step toward a more

lucrative job in the private sector or with a foreign organization. Some of them may even be Western educated and thus constitute a nucleus of competence within their immediate environment. But their tenure in public service tends to be short, and their impact on the overall performance of their respective public institutions remains uncertain.

Differences may be found in the levels of professionalization within and stability among Romania's public institutions, of course. For example, the central banks and finance ministries in developing countries have been identified as typically being the first public institutions to develop "linkage elites" who speak the conceptual language of their international professions.⁴ However, their numbers are yet too small to alter the current overall picture of the Romanian civil service. Thus, today's Romanian civil service may best be described as a mass of disgruntled and ineffective staff punctuated by small and transient groups who understand and try to push forward meaningful reforms.

Actually, as many consultants on twinning programs^{ix} have come to realize, there is still no civil service as such in countries like Romania. Instead, there is a collection of sectoral and opaque bureaucracies operating on a mismatch of sector-specific arrangements around which powerful vested interests have solidified in time. There is no unified structure to manage this army of people, limited or no integrity within its body is the norm, and even the conceptual limits of the civil service are fuzzy. For example, the usual way Romanian local governments deal with salary fund caps without laying people off is by moving them nominally to new off-budget institutions. Many government institutions and agencies employ public-interest arguments to create special rules applicable only to their situation, or they manage to get tacitly accepted practices that deviate from the general norm. Job descriptions are unclear, and performance on the job is not measured in meaningful or objective ways. Actually, the very concept of performance measurement is still strange to top public managers in Romania. With help from donors, the effort to develop a database and a system of indicators to assess the situation has been going on for some years. However, the National Agency of Civil Servants (NACS, technically a state secretariat under the Ministry of Administration and Interior) is reluctant to even develop measurements of output and outcome, partly because this has never been done and partly out of fear of stepping on someone else's proverbial toes. Thus, a working civil service system is perceived in Romania as being not only hard to administer but also difficult to understand, and the government has shown little appetite for tackling the core of the problem thus far.

In general, management of the Romanian civil service remains haphazard, fragmented, and discretionary. Employees use obscurity as a cover for incompetence or worse. There is little institutional memory such that when employees in responsible positions leave the institution, it is usually difficult to track back through the history of programs or projects for which these employees were responsible. By default, the Romanian civil service remains secretive, and relevant information is kept away from the public as the only comparative advantage of otherwise

unemployable clerks. Since NACS is politically weak, it cannot perform effective horizontal screening during the recruitment process across the whole administration, as its mandate requires. The newly introduced annual evaluation does not rank employees according to their actual performance, because the highest performance rating is awarded to virtually all employees in practice. Rather, the portion of salary increases that are supposed to be based on individual performance is regarded as a wage supplement to be shared equally by the whole team, as it would otherwise be too low to be stimulative and may unnecessarily create envy among colleagues.

Loyalty to the boss and the institution are the things that pay metaphorical dividends, so they are the only traits that tend to be selected naturally. Overstaffing may coexist with understaffing, often in departments of the same institution, so it is difficult to tell from the outside exactly what the situation is or to influence change in the right direction. There are no reliable estimates available concerning the costs of this civil service to society, its hiring and firing practices, or its salary rules and levels. A simple question such as, “How much does employee X earn per year?” is tricky to answer and may even be perceived as improper or slightly offensive because every agency devises its own arrangement for salary increases and off-the-book compensations that they would rather not discuss publicly. As a result, it is difficult to develop a system by which to manage the civil service more predictably or to introduce modern motivational elements such as training-related promotions and career development schemes, even if the political will for such reforms existed.

Ultimately, the idea of political independence of the Romanian administration is still a novelty, the assumption being that political parties winning elections will apportion all things public among themselves. Corruption, when it occurs, is not so much the result of isolated individual decisions to extract a small payment as a salary supplement (petty corruption), although this may be the most visible and annoying form of corruption to ordinary citizens. Rather, the most dangerous forms of corruption have to do with the general environment of political clientelism, leading to systematic discriminatory treatment or favors for various categories of clients, which emanates from the top (grand corruption).^x

Despite such a defective civil service, several noteworthy accomplishments have been realized, especially in the early stages of Romania’s efforts to reform its public administration. Examples of successful reform programs include early price and trade liberalization, partial dismantlement of old regulatory mechanisms, macro-stabilization of the economy, and simplification of the system and rules governing taxation.⁶ These initiatives required political will and some technical capacity of design but little administrative capacity in implementation and were thus often promoted quickly by a small circle of senior officials with political support.^{xi} However, decisions to take action in each of these cases had more to do with the state *getting out* of various sectors and freeing private entrepreneurship and less to do with ensuring the quality of Romania’s governmental bureaucracy.

But as postcommunist reforms have entered the second stage, where more complex public systems involving many stakeholders should be changed while continuing to function (i.e., education, health, social protection, economic development, and promotion), the coherence and professionalism of the public bureaucracy have become crucial factors. In Romania, although the reforms of the first type were more or less successfully imposed on bureaucracies by linkage elites and political leaders, attempts to implement second-stage reforms have led to bureaucratic sabotage and open retaliation against the initiators. Moreover, when arbitrary and politically driven purges of the civil service occur, the people who compose the small pockets of expertise are the first to leave Romania's public institutions either because they are most visibly associated with the political sponsors of reform or because they are the most professionally mobile segment of the civil service population as a result of their expertise.

One important second-generation reform is that of the civil service. What was lacking here was not only implementation capacity within the system but also a firm commitment to reform from top administrative officials. If such reform is to be successful, however, members of the prime minister's cabinet should be willing to spend some political capital on painful decisions, including, but not limited to, staff reductions. Delegating the unpleasant task of restructuring the whole body of public administration to junior ministers, as it is usually done, is not working, because they cannot reform departments managed by more powerful senior colleagues. Such political determination at the top is something very rare in the region of CEE or elsewhere, which explains why civil service reform is typically viewed as a permanent work in progress.⁸

4 The Decision-Making Process: Governing by Default

In spite of the changes attempted from time to time, the Romanian decision-making process remains protracted. It is typically being ambushed at various points with draft laws that flow continuously from ministries and agencies that are sometimes at odds with each other and that submit to the cabinet competing versions of the same document. Instead of being brief, focused, and intent on reaching clear decisions, Romanian cabinet meetings typically have unpredictable agendas. The famous weekly sessions under the center-right coalition of 1996–2000 could last 12 to 14 consecutive hours, with ministers and advisors coming in and out and trying to outmaneuver each other by sneaking draft documents into the prime minister's folder. The situation has somehow improved since, but there remains a sense that there are still too many items on the agenda and no useful mechanisms by which to screen and integrate proposals before they reach the plenum.

Ministers still do not receive a complete agenda in advance so that their advisors can brief them on the main points to be discussed. A great deal of time is spent on details, although crucial choices either pass unnoticed or are purposefully not addressed to avoid intergovernmental conflicts or criticism in the media. When this happens, the hard decisions are merely postponed and are therefore made implicitly by the bureaucracy in the process of implementation. It is for these reasons that the administrative norms that follow a law are frequently more important than the law itself. Indeed, under these circumstances administrative norms and behaviors virtually *make* law by default. Alternatively, it could be argued that choices in crucial policy areas are not made at all but rather manifested as a result of conflicting pressures from the numerous agencies and interest groups that form the government. Explicit strategies are often missing or are shelved soon after their completion, and it is rare that key options, broad policy principles, and trade-offs among various policy options are discussed.

It may be that the complexities inherent to Romania's crucial policy areas are not sufficiently understood, because functioning policy analysis units do not exist within the ministries or within the cabinet in its entirety. In addition, policy advice from independent experts is in short supply, and when it is available, it is likely to be distrusted. Moreover, there may be insufficient time to comprehensively analyze and fully understand complex issues because of the cabinet's being under constant pressure to adopt the EU *acquis* and being regularly ambushed by bureaucratic entrepreneurs with hundreds of drafts of laws, decisions, and rules dealing with narrow or trivial issues. There is also not a real delegation of authority to lower organizational levels or a competent upper-level bureaucracy with the capacity to process and integrate information and present broad policy options to decision makers. As a result, no effective means exists by which to filter information between lower and upper levels, and decisions have thusly become unpredictable, crisis driven, and often irrelevant.⁹ On a more positive note, several innovations intended to create some sense of openness and responsiveness in the system, including a weekly video-conference of the cabinet with county prefects and local government representatives, have been introduced in the recent past. These efforts, however, tended to aggravate the aforementioned problems by increasing the ad hoc nature of governance and its predisposition to focus on details. Consequently, innovative attempts to better manage the policy-making process in Romania have largely been abandoned.

To the extent there are relatively low levels of cooperation and information exchange between the ministries and the central agencies within Romania's government, intergovernmental issues cannot be effectively identified or dealt with. There are no policy documents circulated and discussed within the government as a whole, and there is largely no sense that such a process should exist. There is also no policy unit at the central level of government with a clear mandate to help the cabinet produce and follow a coherent agenda. And it will be difficult to establish this type of central policy unit, because the powerful ministries, correctly regarding

this move as a threat to their monopoly on relevant policy information and freedom of movement, are likely to block any such initiative.

The Romanian requirement of interministerial consultation applies only to legal drafts, which, more often than not, are poorly written, are unclear about objectives and means, and tend to be changing at their source while being evaluated by other institutions. Indeed, the lack of policy documents, white books, and other consultation papers written in plain language, and publicized and discussed broadly, has often been singled out as one of the most important, yet overlooked, governance flaws in Romania today.¹⁰ In theory, written documents and consultative processes should form the basis of strategic decision making, while laws should be the subsequent instruments on which to base implementing policy decisions once they are made. Instead, what happens is that ill-considered laws originating in various ministries avoid difficult policy choices through loopholes, omissions, and vague legal language. Thus when a law does get passed, the relevant key policy issues are either decided in haste, sometimes implicitly in secondary legislation known as norms of implementation and in a process that is purely bureaucratic and largely unaccountable, or never addressed, just to resurface in the process of implementation. In consequence, everyone becomes confused, agencies begin to apply the law discretionarily, and the government rushes to pass another emergency law to deal with the aspects in question. The emergency law, of course, introduces additional problems—and so the treadmill goes on.

Even foreign donors, usually impatient with delays, have come lately to realize the problem and are increasingly asking Romanian authorities to allow more time for debates and to discuss key issues openly to increase the quality of acts and regulations. However, this is easier said than done. No focus point for coordinating policies has emerged thus far within the Romanian government, and the civil service has no experience with estimating costs associated with various policy options, evaluating their broader social impacts, or assisting decision makers with such expertise. The Secretariat General of the Government (SGG, with ministry status), the natural location of this function, “has no capacity for substantial policy coordination,” and in general “there is little quantitative and qualitative monitoring of policy implementation.”¹¹ Instead, apart from its duty to handle the agenda and other documents required in cabinet meetings, the SGG is regarded as a crisis unit of the cabinet that in recent years has been charged with everything from finding a solution to the problem of abandoned children to coordinating the efforts of prefects in cases of flooding or heavy snowfall. As in the area of civil service reform, there is little chance that the capacity needed for effective policy coordination will be developed as long as the top political leadership in Romania fails to realize its importance and remains unwilling to spend some political capital on fixing the problem.

There is in fact nothing new or peculiar to Romania, as a developing nation, having erratic and opaque policies, an unclear agenda at the top, little public consultation, poor coordination, and a weak civil service overstepping its mandate

when making crucial decisions by default in the implementation process. In a book on policies in developing countries, Marilee Grindle argued that one of the obvious characteristics of the policy process in developing countries is that the majority of participation and conflict occur at the implementation, or the output stage, of the policy process.¹² This is in stark contrast to the experience of both the United States and Western Europe, where participation and conflict are primarily focused instead on the input or policy-making stage.

Grindle identified two reasons for this difference. First, in developing countries there are few organizational structures capable of aggregating the demands and representing the interests of broad categories of citizens. When such structures do exist, they tend to be controlled by elite groups. Second, national leaders with influence over the allocation of policy goods tend to discourage citizen participation in the policy process and view such participation as illegitimate, or at least inefficient. Trapped between weak representation and discouraged participation, citizens and groups are forced to engage with the policy process by presenting individual demands. Therefore, “factions, patron–client linkages, ethnic ties and personal coalitions” are the most common mechanisms used to access public goods and services.¹³ The fight begins after a law is passed and the objective of these interest groups is not so much to alter it but rather to obtain individual exceptions and preferential treatment through informal means.

This analysis is instructive when translated to the postcommunist space. In spite of its rhetorical claims, communism was arguably a premodern governance system, of the kind described by Grindle.¹⁴ While under communist rule, policy agendas in Romania were set by a closed circle of technocrats and approved by key political players who may or may not have coincided with the official political hierarchy. In addition, formal policies determined by the top levels of government became a basis for perpetual vertical and horizontal negotiations^{xii} within public administration and within the political system, and these negotiations occurred primarily during the implementation stage. Substantial deviations from the original goals of a given policy were tolerated depending on the informal power of each actor involved. Some strategic documents, as well as other official norms and regulations, were produced by the communist regime, but they tended to be more or less fictional, as the issuing institution was often the first to ignore them. Thus, communism has left behind a legacy that does not encourage broad and open consultation, objective analysis of alternative courses of action and their estimated costs, or the balance of the necessary trade-offs. Within this framework, it may be argued that Romania today employs a system of governing by default that is characterized by an environment of poor coordination from the top, unreliable administrative policies that simply manifest themselves more often than they are deliberately decided, and a considerable divergence between formal institutional policies and norms and the informal real behaviors of social agents.

5 The Impact of EU Accession

Despite this system of governing by default, Romania was perceived to have made enough progress in its reforms to consolidate its democratic systems, institute of the rule of law, acknowledge respect for human rights, commit to personal freedom of expression, and implement of a functioning free-market economy to be admitted to the EU on 1 January 2007. Like all ex-communist countries that joined the EU in the first two waves of 2004 and 2007 or that are currently engaged in accession negotiations, Romania must confront a number of dilemmas specific to the Balkan region. The first such dilemma is that the Romanian people, based on their lifelong experience, do not trust public institutions (“the bureaucracy”), and they question both the capacity and the motivation of their civil servants and politicians. Nevertheless, this same public demands a wide array of services from their government bureaucracy (too wide, some would say) and expect the distrusted state to take care of many aspects of their lives. This conflicted attitude is a common legacy of past communist regimes, which had built high expectations regarding the efficiency and benevolence of the state while often failing to meet its promise to improve the quality of life of its citizens. Fresh EU membership has only increased the feeling in Romanian people that they deserve better. The result is that today, citizen expectations of government are consistent with those in developed societies, but those expectations have to be met by relying on developing country resources. In the comparatively poorer Balkan societies, such high expectations place additional strain on an already weak public administration.

Second, the gradual accession of additional countries into the EU has increased substantially the amount of funds available at the central and subnational levels of government. Before accession negotiations opened in 1999, Romania received approximately 10 to 20 euros per capita in annual European grants in various forms. By the time accession negotiations concluded in 2004, that amount increased about four times and is expected to reach up to 200 euros per capita yearly after accession in 2007. This level of assistance, higher as a fraction of GDP received than the Marshall plan and to be consumed largely on infrastructure projects, has imposed new and stringent requirements on the postcommunist public administration. These requirements include programming multiannually, specifying and measuring progress toward achieving stated outcome targets, and clarifying and realizing complex intergovernmental objectives.

In addition, new institutions that embody the new public corporate culture have appeared, and certain officials have made superhuman efforts to understand EU procedures and generally gear up the system to meet EU standards. These new expectations and demands have combined to place a huge burden on the Romanian bureaucracy, which is not used to setting up management units that are run by genuine experts who are willing to take personal responsibility for complex decisions. The local institutional culture is instead more attuned to the command and control management style of the communist period, where initiative was crushed

and the minister made all decisions. Thus, the influx of additional EU funds has presented new opportunities along with a new problem of administrative capacity, the latter of which has not yet been satisfactorily resolved.

What is more, as a result of this ongoing struggle with its own limited capacities to put to good use all EU funds allocated to Romania, a split seems to have occurred in the Romanian public administration between routine tasks, which consume significant resources but are not eligible for EU funds (social assistance, education, pensions, general government, etc.), and innovative tasks, which are eligible for EU funding. The former set of activities have become less attractive and have started to lose qualified people, whereas the latter, especially Project Management Units (PMUs) and programming and investment departments, have suddenly become very attractive to public sector employees. As a result, the little strategic and managerial capacity possessed by the public sector has been almost fully absorbed into planning and operating EU-financed programs, and even these activities have realized variable success.

At the local and regional levels, too, the few skilled people available are so busy responding to application calls and preparing reports on fund expenditures that little time or capacity is left to deal with anything else. The central and local development strategies have relied almost by default on the relatively complex and progressive agendas promoted by the Poland–Hungary Assistance for Economic Reconstruction program (PHARE)^{xiii} (and since 2004–2005 on the process of preparing for structural funds), whereas the main policy target of central and local authorities has become the absorption rate of EU funds. The problem is that EU *acquis* does not address everything the public sector must do, and substantial areas of domestic policy fall outside the scope of EU financing, as mentioned above. Therefore, with this increasingly dual policy and administrative process, it will be even more difficult to generate and manage a domestically balanced development agenda.

Finally, there is a trade-off between civil service stability and protection against political interference on one hand and on the other hand the necessity to preserve a certain degree of flexibility in the public sector to allow reforms to continue. After all, politically elected or appointed agency heads are held accountable by the public for the performance of their respective institutions, so they must possess the tools to deliver the expected levels of performance. However, virtually all managers in Romania's public sector declare today that legislation in the area of human resource management has become far too protective of employees. Consequently, many of Romania's public managers are relying on unorthodox means when seeking to have a civil servant leave their organization (i.e., applying pressure informally), but these tactics have produced uncertain results.¹⁶ Such actions additionally aggravate the problem of politicization previously mentioned and delay the consolidation of a modern and reliable civil service in Romania.

6 Conclusion

All countries, even the developed ones, have in principle to find a solution to the dilemma of accountability versus insulation from politics in the civil service. But in the case of postcommunist states, the problem has been more serious than elsewhere, for two reasons. First, the scope of reforms in public administration and the services it provides became very wide after 1990. In addition, changes had to be implemented very quickly because the population was impatient after experiencing years of shortages and frustration. Second is integration into the EU, which happened in practically less than a decade and created additional pressures for postcommunist government institutions to perform on par with the modern bureaucracies of Western Europe. The problem was felt most acutely in a country such as Romania, where the first real postcommunist rotation of elites in power occurred as late as 1996. Until then, there was a significant continuity with the previous regime in terms of administrative cadres and habits, and as a result the best window of opportunity to overhaul the public sector was lost. By contrast, most other countries in CEE performed some form of lustration^{xiv} in their administration, judiciary, or even universities in the first years of transition after 1990, thereby cleansing the ranks of the most prominent people of the old regime. Although efficiency gains were not the main purpose of this lustration, the overhaul encouraged new and more competent people to join the ranks.

From 1997 on, when the real reformers managed eventually to gain power in Romania too, it was already rather late for such large-scale lustration. New EU-inspired legislation had to be adopted expeditiously to get candidate country status, which inadvertently protected the unreformed civil service (or judiciary) from political interference. Endowed with self-regulatory bodies, the hard core of the old public administration was therefore able to use the modern European safeguards to control and slow down the pace of change. In consequence, in spite of the frequent organizational changes of the public sector over the past few years, the core of the model of governing by default—characterized by muddled decision making, weak governing institutions, and a poorly performing bureaucracy—was left largely untouched in Romania. Taken together, these factors leave little room for surprise that Romania earned low scores on the comparative good governance indicators shown earlier in this chapter.

Notes

- i. A complete description of the *Aggregate Governance Indicators* of the World Bank can be found at www.worldbank.org/wbi/governance.
- ii. These are situations when individuals or organizations obtain profits by exploiting or manipulating the institutional environment rather than through trade or the production of added value.

- iii. “State capture” is defined here as a superior form of corruption where the private sector captures large portions of the state apparatus for its own purposes.
- iv. This is the body of laws, regulations, and administrative practice of the EU.
- v. However, there is a consensus that the pace of reforms increased significantly under the new government after 2004.
- vi. An example of these actions is the annual assessment reports from the EU Commission, which, unlike other international ranking tables, carried significant political weight.
- vii. Like in France, which was taken as the model when Romanian public administration was created in the 19th century, the prefect is the appointed representative of the central government at the regional level and is in charge of ensuring legality and coherence in the decisions of elected local governments.
- viii. In Romania, as in all other countries in CEE, the economic boom in the past years coupled with the opening of the European labor market for its citizens has created innumerable new opportunities and thus increased the gap between private and public salaries.
- ix. These programs provide technical assistance for the public administration provided by the EU in a new member state, in the form of missions where active or retired Western civil servants come and hold trainings or work alongside their local counterparts for a short period of time.
- x. For a more complete understanding of the definitions of and distinctions between petty corruption, grand corruption, and state capture, see reference 5.
- xi. Some authors argue that in fact this is the way things always happen in civil service reform, when something is actually done: seminars and consultations meetings are “more a mechanism of retrospective validation than an input to project design” (see reference 7).
- xii. We use here the terminology employed by Janos Kornai in his description of the communist regime as an ad hoc, unpredictable form of governance, where the official plan was in fact only a loose guideline and what happened in practice was the result of power games and permanent negotiations (see reference 15).
- xiii. Poland–Hungary Assistance for Economic Reconstruction (PHARE) has been in the past 15 years the most important preaccession instrument for financial aid by the EU in the former communist states. As the name shows, it started in the early 1990s as assistance for the two states mentioned but was rapidly expanded to cover all candidates accepted for EU membership and, to a much lesser extent, some other countries in the “near neighborhood.” PHARE has financed a broad range of interventions, from institution building to social development, local infrastructure, or grants for small and medium enterprises. Other instruments existed too, but PHARE was the largest in terms of scope and volume and was meant to prepare the candidate countries for the structural instruments of the EU. It is scheduled to be phased out beginning in 2007, being replaced by much smaller instruments of assistance to the countries neighboring the enlarged EU.
- xiv. Lustration refers to laws that intended to purge politics and the administration of former top Communist Party cadres or political police officers, somewhat similar to the process of *denazification* in Germany after the war. There were heated debates on this subject in most former communist countries after 1990, but the lustration laws, where adopted, were in reality much weaker and the subject of permanent controversy.

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Chapter 9

The Politics of Administrative Decentralization in Turkey Since 1980

Gül Berna Özcan and Hasan Turunç

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1 Introduction

Modern Turkey inherited the legacy of a highly centralized governance structure from the Ottoman Empire. With the collapse of the empire, the modern Turkish

republic emerged as a centralized top-down state with an ambitious modernization and economic development project. The roots of this modernization can be found in the late Ottoman state reforms that aimed to preserve the disintegrating empire. From its establishment in 1923 until the end of the Second World War, highly insular and motivated technocrats led the modernizing reforms under single party rule in the Turkish Republic.

In the 1950s, the Democrat Party (DP) government attempted to undermine the long-established practice of centralized authoritarian rule by opening avenues for a new political voice for groups that had traditionally been excluded from the country's power structure. It is debatable to what extent the DP aimed to achieve a counterrevolution, but the perception of both the military and the government bureaucracy was that the DP presented a threat to the secular centralist regime. These fears were further exacerbated by rising economic instability and eventually led to a military coup in 1960. This first military coup drew considerable support from the centralist bureaucracy and intellectuals and aimed to restore secular republican ideals and bring about wider democratic rights. The army briefly intervened again in 1970, this time through an ultimatum to the civilian government and in 1997 through the state security council. The 1980 military intervention, along with its civilian government established in 1983, promoted a new economic regime: trade liberalization and export-oriented growth. These military interventions took advantage of weak central coalitions of the political elite and radicalized multiparty politics.¹ They invariably brought new regime changes along with a speedy restoration of military-induced civilian governments.

Throughout its half-century experiment with multiparty politics, Turkish political party reforms and parliamentary mandates remained ineffectual in guiding economic and social change in the country. Instead, Turkey's political and economic systems were periodically adjusted through undemocratic means, primarily civilian unrest and army interventions. During the postwar period beginning in the 1950s, quite contrary to earlier marginalization of the army from political power in the 1930s and 1940s, the military gained a central role as the ultimate guarantor of stability, secularism, and territorial integrity of Turkey. This central role for the military in governance found considerable support among civilian politicians and intellectuals.ⁱ

This chapter focuses on the post-1980 decentralization activities that were partly introduced by liberal export-oriented growth strategies and partly demanded by cosmopolitan urban and local elites. The European Union (EU) accession process, which has accelerated since the late 1990s, has also played a catalyzing role in shaping state and local authority and civil society relations. The most significant administrative decentralization was realized as a result of an increasing number of elected municipal authorities and their increased economic powers. However, municipalities controlled by opposition parties often ran into conflictual relations with the ruling parties and state-appointed governors. Personal and political antagonisms shaped by interest group politics consequently hampered local development

initiatives, and local business elites used political party connections to maximize personal and group gains to the detriment of their respective localities.

Three fundamental changes shaped decentralization to markets, civil society, and lower echelons of administrative units in the post-1980 period. First, economic liberalization was driven by both internal and external factors. Turkey followed monetary stabilization policies of the International Monetary Fund (IMF) and the World Bank to open up the previously closed economy. Trade liberalization introduced by the Motherland Party (ANAP) led to new competitive pressures for domestic conglomerates and small and medium-sized enterprises (SMEs) under a regime of export-led growth. These policies aimed to reduce the role of the state in the economy, promote entrepreneurialism, and empower the new urban classes. The Turkish economy grew on average more than 5 percent annually from the mid-1980s, despite the financial crises of 1994, 1999, and 2001. Previously underdeveloped sectors such as tourism, textiles, and ready-made garments emerged as engines of export growth. Sluggish privatization and foreign direct investment (FDI) efforts have also gained momentum since 2000. There has been a rapid growth in exports, from \$13 billion in 1990 to almost \$100 billion in 2006, which has also fuelled growth in domestic consumption.

The second trend has been the diffusion of industrialization to provincial Anatolian towns, which are city centers in the Asian provinces of Turkey. The rapid urban growth associated with the emergence of new metropolitan towns diversified regional economies beyond the old urban centers of Izmir, Istanbul, and Ankara. During the 1980s and 1990s, the city economies were gradually transformed by the growth of small and medium-sized businesses that became integrated into regional and world markets. Modern capitalist establishments largely eliminated craftsmen and artisans, local business culture embraced free markets and globalization, and the agrarian and religious social character of these centers, as well as their entrepreneurs, helped to generate a new form of pious capitalism.² The rise of political Islam contributed to the growth of new urban classes. These groups later shaped Islamist politics by demanding greater autonomy, political recognition, and power from the centralist forces: the Ankara-centered secular modernist state and the Istanbul-centered business holdings and cosmopolitan financial world. The ruling Justice and Development Party (AKP) drew its main supporters from this second generation of urban bourgeoisie.³ Pious capitalists of Anatolia began to challenge the domination of Istanbul-based business conglomerates in the country's economy as well as the top-down modernization of the secular bureaucracy in Ankara.^{4, ii}

Third, administrative decentralization became an imperative as the country became more urban and industrial. Ankara-based state institutions were unable to cope with the increasing and diverse needs of an emerging urban Turkey. A new administrative culture was needed to improve service delivery and provide fair access to public services. These developments were accompanied by differentiated and more sophisticated expectations of social and business groups across the country. Moreover, recent demands for more democracy put forward by emerging civil

society organizations mark a new trend. Previous demands for decentralization came largely from academia, intellectuals, and mayors who were concerned with the rapidly growing cities of Istanbul, Ankara, and Izmir. These early demands were not abstract imaginative arguments for decentralization in governance but were rather limited to solving tangible problems of metropolitan municipal governments. What we see after 1990, however, is a new trend toward containing the state and shifting power to local groups and municipalities.

Although slow and frustrating, Turkey's accession process to the EU fundamentally affected state–society relations. Turkey has made impressive progress in addressing the Copenhagen Criteria for Accession—the EU norms and standards for democratic governance, human rights, a functioning market economy, and administrative efficiency—and has entered into long and complicated negotiations. The EU provided significant technical expertise to reach the Copenhagen Criteria, with a particular focus on democracy and the rule of law. EU reform packages and projects also introduced new standards and benchmarks for administrative reform.

To examine administrative reform in Turkey, this chapter is organized into four main sections. The first section examines social and political transformation in the post-1980 period. This will be followed by an analysis of industrialization in Anatolian towns and new urban elites. The third section introduces recent EU reforms and projects that are fundamentally changing public administration and state–society relations in Turkey. Finally, the conclusion highlights the main points presented in the chapter, questions the suitability of EU–Turkey relations, and assesses Turkey's current positioning for further administrative reform.

2 Societal and Political Transformation Since 1980

The modern Turkish system of public administration was initially based on the principle of a strong central government presiding over weak localities. This form of governance was also a prerequisite for top-down secular modernization led by bureaucratic and military elites. Within this context, Turkish public administration is structured on three administrative layers: (1) the province and subprovince administration appointed by the central government, (2) elected municipal bodies, and (3) village administration.

Turkey is divided into 82 provinces, and there are no provisions for regional administrative units or authority. These 82 provincial organs are each headed by a governor who is appointed by the minister of the interior in cooperation with the provincial council (an elected body). Each province has townships as subunits, and these have both appointed deputy governors and elected mayors. Municipal governance is the true local democratic unit, and it includes an elected mayor and an elected municipal council. Village governance, like provincial governance, is comprised of a mixture of elected and nonelected members. It includes an elected

village “headman” and a village council, which has elected members, appointed members, and local representatives such as teachers and big landowners who are accepted as “natural” members.⁵

Until the 1980s, municipalities in Turkey had very limited powers. The first municipality law was passed in 1930, and it simply listed the duties and responsibilities of local authorities. This law remained the major legal influence in municipal governance until recently. This structure of limited autonomy made localities subservient to the republic, and, from urban planning to budgetary allocation, local governments remained dependent on political bodies and state institutions in Ankara. This structure of governance represents a form of administrative modernization that is commonly referred to as statist-centralist. From the 1950s, this statist-centralist structure became a proverbial straitjacket, constraining societal and economic change during a period of rapid increases in literacy, urbanization, and industrialization. It was all the more untenable when public opposition grew along with the emergence of radical trade union and student movements during the 1960s and 1970s. Such public opposition combined with subsequent diffused industrialization to undermine the influence of the so-called Republican elite, a powerful segment of Turkish society that defended the secular legacy of Turkey’s founding principles and whose members occupied key positions in the military, civil service, judiciary, and academia.

Rapid urbanization overburdened municipal administrations too wedded to archaic political and managerial practices. And political divisions deepened between appointed governors and elected bodies since fiscal controls remained in the hands of central state organs. As municipal authorities did not have the power to levy local taxes, they were chronically burdened by scarce resources to meet the growing needs of urban planning and management.

Thus, a managerial approach toward decentralization became the dominant trend of the 1980s. This trend was led by pragmatists of the neoliberal elite who opted for dismantling the state’s leading role in the economy by means of privatization, reduced public spending on health and education, and export-promotion policies. Worldwide trends toward downsizing central government and increasing bureaucratic efficiency were reflected in the policies of international financial institutions and, therefore, had substantial political leverage in the post-1979 economic crisis of Turkey. The ruling ANAP party, led by Tugut Özal, who was an admirer of Ronald Reagan and Margaret Thatcher, prepared the foundations of decentralization from the state to the private sector and civil society, albeit with narrow political freedoms.

In 1984, the Greater Municipalities Act introduced a new concept of metropolitan governance by redefining the roles and responsibilities of small municipalities and their districts, along with their relationships to the greater municipality. This marked an important step for decentralized and more independent local governments.⁶ The municipalities were also granted permission to develop urban plans along with the state-run bank for provincial development.ⁱⁱⁱ As a result of these

efforts, many municipalities began initiating their own housing, transportation, water, and sewage treatment projects in the 1990s. For the first time, these municipalities were also able to borrow funds from international markets.

The private sector started to play a major role in urban development in the post-1980 period as well. This trend was promoted by liberal policies, the expansion of municipal contracts, and procurement that generated new local opportunities for small and medium-sized businesses. Benefiting from the postcoup political vacuum, the ANAP introduced bold liberalization measures to replace import substitution policies. The Istanbul business community, which had already put pressure on government during the late 1970s to liberalize the economy, warmly supported the ANAP's new vision. Turkey's first membership application to the European Community in 1987 fit in as a strategic move aimed at opening European markets for Turkish exporters. This paved the way for the 1995 Customs Union with the EU.

However, civil society activities had been discredited by radicalized left- and right-wing patronage networks in the 1970s and led to deep mistrust toward civic action in the public psyche. Many trade union and civil society organizations were closed down by military rule. The country also faced 15 years of war between military forces and the separatist Kurdish organization, the Kurdistan Workers' Party (PKK). During that period, those promoting economic liberalism were among the first to recognize the need for some degree of accompanying social and political liberalism. For example, the organization representing Istanbul-based large businesses, TUSIAD, emerged as a leading force defending human rights, Kurdish ethnic expressions, and democracy in Turkey.⁷ With the acceleration of preparations for EU accession and the cessation of hostilities with the PKK upon the capture of their leader, Turkish governments passed several reform packages to enhance human rights and individual freedoms.

Another trend toward decentralization gained momentum in the aftermath of Turgut Özal's death in 1989 and the subsequent realignment of centrist politics, which led to a new political landscape from the March 1994 local elections. The Islamist Welfare Party (*Refah Partisi*) took power in the municipalities of Istanbul and Ankara, as well as many other smaller towns, including some predominantly Kurdish towns in southeastern Turkey. The Welfare Party was a recombination of the Islamist right-wing National Order Party (MNP) and the National Salvation Party (MSP). Their success was based on their capacity to organize solidarity networks at the grassroots level in cities and develop a new Islamist, modernist political image. When the judicial system was used to close down the Welfare Party in 1998, the AKP was established by a group of reform-minded Islamists. The post-1980 liberalization made room for institutions that contributed to the growing strength of political Islam, while leftist and center-right politics fell into a series of ideological and leadership crises.

The increasing popularity of political Islam was accompanied by a growing rivalry between first- and second-generation business elites. This gave rise to a

successful Islamist business association (MUSIAD), which competed with TUSIAD for influence.^{8,9,10} Islamic politics in the 1990s were mainly supported with capital from provincial Anatolian towns and religious groups. As the economy grew, Islamist business owners also diversified their economic interests. Many small and medium-sized towns experienced industrial growth. One major social consequence of Anatolian industrialization was to bring capital accumulation into the hands of provincial businessmen. This capital accumulation and new prosperity reversed an economic decline that had begun in the late Ottoman Empire.¹¹

In the 1990s, Turkey was ruled by shaky coalition governments. At the same time, deepening economic liberalization and democratization brought forth ethnic and religious expressions of diversity and demands for pluralism. Turkey–EU relations influenced the domestic power struggle between mainstream parties and political newcomers. This was a special concern of Tansu Çiller, the center-right prime minister at the time when the Customs Union with the EU was agreed, who frequently stressed that the isolation of Turkey from Europe would lead to the rise of fundamentalism. Ironically, it was she who established the coalition government of 1996 with the Islamist Welfare Party.

The most recent decentralization trend emerged in conjunction with the AKP's success in the 2002 elections. Without questioning the basis of their predecessors' fiscal policies, the AKP government continued to implement macroeconomic stability and financial responsibility practices that were part of the IMF stability program first introduced by the Ecevit government following the 2001 banking and financial sector crisis. They also increased the powers and resources of local governments and passed several EU reform packages through parliament. Local government reform gained further momentum in 2005, when the parliament adopted new legislative reforms aiming to restructure systems of governance, enhance efficiency, increase democratic participation, and ensure accountability.

3 Anatolian Tigers and Islamic Capitalism

Without the emergence of Anatolian industrial and urban centers, Turkey could not have experienced administrative decentralization. As the country became predominantly urban (70 percent), the pressure from the geographical periphery to central government calling for better governance culminated in a vigorous new political voice. In 1929, there were 467 elected local authorities in municipalities. This number rose to 546 in 1947, then to more than 1,700 in 1977, and is currently more than 3,200. From the management of school boards and professional associations to environmental pressure groups, Turkish society began organizing and influencing its local governments.¹²

The main change came with increasing industrialization in the provincial towns of Anatolia and the rise of new urban classes with strong traditional rural values.^{iv} Members of these new groups held a certain resentment toward top-down

modernization characterized by secularism, cosmopolitanism, and an elitist state bureaucracy. Liberal government policies contributed to economic development by encouraging entrepreneurial activities, loosening the control of the state, and diversifying social class structures in urban areas. Indigenous SMEs with strong rural links sustained the local economies of many Anatolian towns, which, in conjunction with the rise of political Islam, contributed to and exploited small town development. Consequently, the left and liberal right parties lost the management of metropolitan cities for the first time in the 1994 local elections. Three growing industrial centers, Denizli, Gaziantep, and Kayseri, exemplify these deep changes taking place in Anatolia. Economic development in these towns began with modernization in agriculture, which started in the 1950s. Surplus value was transferred from rural to urban areas, contributing to capital accumulation for industry and commerce. This process also increased the rural demand for agricultural machinery and domestic goods. During the first push, many skills were developed through small manufacturing workshops in all three cities.¹³

The second push came with urbanization. Increasing urban demand coupled with weak competition in the closed economy of the 1960s and 1970s offered new opportunities for local SMEs. Urbanization offered cheap young labor for new businesses. During the 1970s all three cities suffered losses because of the emigration of skilled workers to Western Europe, mainly to Germany. But the city economies also benefited from the remittances of Turkish workers abroad. The gradual integration of economic activities emerged through the national distribution and franchising networks of large companies that also diffused new ideas, goods, and business practices to small and medium-sized towns. The state also played a crucial role as facilitator in the industrialization process of many Anatolian towns. The state supported market decentralization by financing urban infrastructure and delivering opportunities through state procurements and tax and export incentives.

The third push came with the liberal policies of the 1980s and the gradual opening of the Turkish economy to world markets. During the 1980s, export businesses focused on Arab and other Middle Eastern markets. With the fall in oil prices and increasing confidence, many businesses entered new markets in Europe, Russia, and Central Asia. Through increased trade and manufacturing opportunities, previously inward-looking SMEs had a chance to benefit from export-oriented growth. This process, in return, changed the character of the local SMEs from being inward looking and conservative to being adventurous and risk taking. There also emerged a gradual diffusion of various industries into smaller rural towns. For instance, the towns of Babadağ and Buldan in Denizli and Hacilar in Kayseri are now strong manufacturing locations as well as agricultural centers. They provide some evidence that these developments are the beginning of extensive industrial diffusion into provincial lands.

These developments came along with the emergence of new Anatolian business and urban classes firmly rooted in Islamic traditions and indigenous local cultures. Sometimes in opposition to the secular urban elite and state ideology but also

firmly attached to republican patriotism, these groups sought to assert their power through center-right party politics and fed the growth of Islamist parties. Municipalities controlled by the Islamists began forming their own development initiatives along with local businesses. One such town, Kayseri, has been the bastion of Islamic politics in Turkey. As one of the largest rapidly industrialized Anatolian cities, Kayseri illustrates an indigenous form of conservatism. By embracing Islam but not forgetting the virtues of profit making, its businessmen became symbols of a new breed of entrepreneurs, neither marginalized artisans nor cosmopolitan conglomerates but outward-looking pious capitalists.¹⁴ In 2005, Kayseri's new industrial zone celebrated the opening of 139 new factories in one single day. A similar launch took place in 2006 for more than 100 companies.

The European Stability Initiative (ESI), a German think tank, celebrated Kayseri and popularized the term *Islamic Calvinists* to describe its businessmen. This term was first used by the former mayor of Kayseri, Mr. Şükrü Karatepe, who argued that one must read Max Weber's *Protestant Ethic and the Spirit of Capitalism* to understand his city.¹⁵ In their study of Islamic companies, Özcan and Çokgezen¹⁶ similarly pointed out that although Islamic values are employed as a social glue for interpersonal trust, Muslims are as capitalist and motivated by self-interest as others. Hard work and money-making relations embraced by pious values emerged along with the deepening liberalization and capitalist market relations, and social norms adapted themselves for a new form of moral capitalism. The theme of the ESI study is that conservative religious values are a force for progress in development, but those values are not necessarily Christian or European. However, attributing economic success to religion is not as fruitful as it is attractive. Sociological perspectives do not explain under what circumstances restraining old norms turns into flourishing business practices. For example, many people associate Confucian values with the recent Chinese economic success, but they fail to explain why and how these same values accommodated decades of poverty and one-party brutality in China.

4 EU-Induced Administrative Reforms

Turkey's recent local governance and public management reforms have been underpinned by structural transformation initiated by governments and external actors, including the EU, Organisation for Economic Co-operation and Development (OECD), and United Nations Development Programme (UNDP). For decades, state institutions have been resistant to change, and the governments have been reluctant to draw on external advice and assistance for the reform of administrative systems. Although decentralization to local government has been a particularly sensitive area because of the strong tradition of unitary and centralized governance, dramatic changes have taken place in recent years. Many of these structural reforms were introduced as part of the accelerated process of EU accession. The current

Turkish government recognized the need for reform and the benefits of partnering with external agencies to modernize Turkey's state structures and to comply with the requirements of the EU. Virtually all of the EU assistance programs now require the channeling of financial assistance through regional and local administrations.

As the 2001 EU White Paper on governance suggests, European governance actually denotes a complete recontextualization of politics and the transformation of political structures.¹⁷ Along with increasing denationalization, there has been a shift of power from the nation-state to supranational institutions. This new form of governance aims to integrate EU member states to the European institutional scheme by reshaping their territorial structures, empowering local governments, and mobilizing social and political movements. Although this process shows significant variation among the EU member states, economically peripheral states of Southern and Eastern Europe have shown greater enthusiasm for the EU's supranational powers to push for domestic reforms. Turkey has been going through this process with dramatic new changes.

Strong and effective public administration reforms to improve administrative capacity in line with EU accession principles were accelerated by the AKP government in three reform packages, namely, the Project to Restructure Public Management, the Immediate Action Plan for the Government, and the Draft Framework Bill on Public Administration. The government also prepared a plan for comprehensive administrative reform by drafting a series of legal changes including the Public Administration Draft Law, the Law on Metropolitan Areas, the Law on Municipalities, and the Draft Law on Special Provincial Administrations. These reforms affirmed the continuing decentralization process. Although they primarily aimed to strengthen local authorities, these laws also intended to modernize public finance management, redefine the role and structure of coordinating bodies, regulate working and communication procedures, and enhance administrative capacity and efficiency through enhanced information systems.¹⁸

The Decentralised Implementation System (DIS) has been one of the key reforms in this field. The aim of the DIS is to provide an appropriate legal and administrative framework for the transfer of responsibilities for the implementation of the EU-funded programs from the European Commission (EC) to partner countries.¹⁹ In recent years, the EU has been giving more responsibility to institutions in the partner countries, and this began to change the practice of top-down central administrative management in Turkey. For the introduction of the DIS in Turkey, a financial cooperation agreement was issued on 18 July 2001. This aimed to design the management of various administrative functions in a decentralized system according to the framework of the preaccession strategy.

Turkey is also in close partnership with OECD/SIGMA (Support for the Improvement of Governance in Management of the Administration) in concert with public administration reform efforts and the EU accession process.²⁰ For example, in 2004, the EC requested SIGMA, a joint initiative of the OECD and the EU, to assess the state of central systems in Bulgaria, Romania, and Turkey.

The SIGMA program supports partner countries in their efforts to modernize public governance systems. It assesses reform progress and identifies priorities; it also assists in the process of institution building by helping to design and implement action plans. The SIGMA program was made available to Turkey upon the agreement of a new contract between the OECD and the EC on 8 May 2004. The first task set by the EC was to conduct assessments on aspects of Turkey's administrative performance. And at the request of the Prime Ministry of Turkey in February 2005, SIGMA organized in Ankara a seminar titled "Public Administration Reform and European Integration." The main purpose of the event was to stimulate a debate among officials of the central government on the needs and goals for reforming public administration in Turkey. It also aimed to raise awareness of the principles of governing in the European administrative space and the implications of EU membership for administration. SIGMA has cooperated on three major subjects with the Prime Ministry and Secretariat General for EU affairs: The Civil and Administrative Framework, Public Procurement, and An Integrity Framework.

In the context of Turkey's EU preaccession process, an auxiliary project, the Local Administration Reform Programme, was agreed between the EC and Turkish government in 2003. The overall objective of the Local Administration Reform Programme is to (1) strengthen the capacity of both central and local administrations to formulate and implement reform policies and initiatives, (2) improve budgetary procedures and service performance in selected pilot administrations, and (3) improve the efficiency and effectiveness of human resources. This project envisaged new changes in the way local administration affairs are conducted and managed by the Interior Ministry. The project started in August 2005 and lasted until November 2007. The project is being implemented by the Ministry of Interior (General Directorate for Local Authorities), with technical assistance provided by the UNDP and funding provided by the EC's Euro-Mediterranean Partnership program (MEDA). The Local Administration Reform Programme was launched through the adoption of new legislation on local authorities, and it encompasses a wide number of reforms that affect all aspects of local administration and management. The final purpose of the Local Administration Reform Programme is to enable local authorities to provide better public services, carry out more efficient management of their financial resources, and enhance their capacity for more active engagement in policy making with national authorities and in creating partnerships with other local authorities in EU member countries.²¹

Another project conducted to promote decentralized, participatory, and transparent governance in Turkey is the International Public Cooperation Programme (MATRA) supported by the Netherlands Ministry of Foreign Affairs. With the participation of the International Co-operation Agency of the Association of Netherlands Municipalities (VNG International), the Turkish Economic and Social Studies Foundation (TESEV), and the International Union of Local Authorities Section for the Eastern Mediterranean and Middle East Region (IULA-EMME), MATRA aims to institutionalize good governance practices by focusing on institution building

and capacity building for governmental organizations in Turkey, particularly in the municipalities in South and Southeast Anatolia.²²

The Local Agenda 21 (LA 21) program was initiated by UNDP for the promotion of good governance and local democracy. The program draws on the UNDP's links with global environmental initiatives and was generated as a direct result of the participation of Turkey's central government and local mayors in HABI-TAT II, the major environmental UN summit, which was held in Turkey in 1996. The UNDP adopted a successful catalytic approach, which relied extensively on national technical inputs and capacity in the early stages of program design and implementation. The main element of the LA 21 program entails the establishment of city councils, which are city-level participatory mechanisms for decision making. These councils then bring together community-based organizations, NGOs, labor unions, academics, the private sector, individual citizens, and local governments into a consultative forum that raises and discusses issues of direct concern to the participating communities.

In Turkey, the LA 21 program is nationally executed by the International Union of Local Authorities Section for the Eastern Mediterranean and Middle East Region, which is based in Istanbul. LA 21 exemplifies Turkey's ability to leverage its own limited resources and has far wider implications than the management of environmental assets alone. Indeed, this program has helped to increase significantly the level of participation of civil society organizations and private citizens in decision making and also increased the level of decentralization of governance in Turkey. At the broadest level, the UNDP LA 21 program has spread, largely spontaneously and through local initiatives, a locally adapted model of City Councils from nine pilot municipalities to more than 50 cities throughout the country.

Another major step in administrative reform is the recent decision to set up regional development agencies under the State Planning Organisation (DPT). The DPT has been preparing five-year development plans since the 1960s and initiated regional development programs across the country. However, these projects were sporadic and never fully integrated into local decision making and civil society. Instead, planning remained a top-down exercise by a group of Ankara-based bureaucratic and intellectual elite. Planning in general, and regional planning in particular, were condemned as leftist communist ideologies by the ruling center-right parties for decades. And to a certain extent, the DPT's plans did portray such characteristics with their poor links to markets and social realities. The nature of the DPT's operations and plans began to change, however, with the South Eastern Anatolian Development Project (GAP), which was comprised of more than 30 dams and irrigation canals that united seven cities. As a result of GAP, there have been concerted efforts toward community-based initiatives and local participation, and regional development initiatives have also been proliferating with unusual speed and variety.²⁴

In 2000 the Eastern Black Sea Development Agency (DAP) was initiated with the support of the Japanese International Development Agency (JICA). The same

year, the Eastern Anatolian Development project (DOKAP) and the Bartın–Zonguldak–Karabük development initiatives were launched with a new concept of partnership and cooperation between the DPT and five universities in the region. The DPT developed a variety of programs and new regional subunits to aid regional development and Turkish Research Areas (TRAs) for EU projects.²⁵ Differentiation in national development priorities and detailed plans were developed by the DPT for the purpose of EU funding, and the statistical regional units of TRAs were established in line with the EU programs. The DPT continued producing national plans but with a more specific focus on regional development issues rather than on sectoral targets.

Although Turkey has been the beneficiary of an impressive array of EU-funded administrative restructuring projects, they are not nearly sufficient for Turkey to upgrade its administrative capacity to EU levels of performance and operability. Turkey has not gone through a new organizational and bureaucratic transformation, and EU-inspired reforms have not produced new institutions for policy implementation. The EU's technical and financial assistance to Turkey has long been subjected to the Greek governments' veto^v and has never had a significant impact at the operational level. Moreover, EU–Turkey relations were recently strained because of Turkey's refusal to extend the Customs Union agreement to Greek Cypriots as long as Turkish Cyprus remains isolated.^{vi} Contrary to its earlier promise to lift the trade embargo on the Turkish side, the EU subsequently diminished the scope and nature of its earlier promises. Following the crisis concerning Cyprus and the increasingly negative atmosphere toward Turkish membership among several EU states, the EC slowed down membership talks with Turkey, and many negotiation chapters are currently frozen.

Nine packages of constitutional and legal reforms have been promulgated to widen minority rights, curb corruption, strengthen civilian authority over the military, and abolish the death penalty and security courts. The EC, which is monitoring the implementation of these extensive changes, has noted that the relative inexperience of the judiciary and bureaucracy is constraining compliance with EU-induced reforms. But more importantly, the EU's questioning tone toward Turkey and its preferential treatment toward Cyprus and other Balkan states have damaged Turkey–EU relations for a long time to come. As a result of growing assertiveness in the xenophobic tone of the EU member states that oppose Turkish membership, Turkey has assumed a more suspicious, defensive, and nationalistic posture in relation to Europe. Consequently, a form of staunch nationalism has been recently increasing in Turkey, in part as a backlash of current EU–Turkey relations and partly as a response to the worsening situation in neighboring Iraq and growing suspicion of U.S. policies in the Middle East.

5 Conclusion

Two primary forces have fuelled Turkey's decentralization in the social and political spheres: (1) industrialization of the Anatolian towns through an extended role for SMEs and (2) the emergence of new urban classes. First, the diffusion of industrialization to provincial Anatolian towns and the rapid urban growth associated with the emergence of new metropolitan towns combined to produce profound effects as city economies gradually transformed with SMEs integrated into regional and world markets, and modern capitalist establishments largely eliminated the craftsmen and artisans who had previously dominated city economies. Second, this transformation process resulted in the emergence of new urban middle classes and capitalist practices with influences from both local traditions and Islam.²⁶ Societal changes, fast urban growth, and economic liberalization combined and created conditions for strong societal demands to contain the state and to decentralize and localize governance. The success of the ruling AKP is a result of this trend toward a new regime for further religious autonomy and increased political and economic power by emerging classes. For the most part, the party leadership played a moderating role between strong local interests and long-established, top-down, secular, elite traditions.

The balanced approach utilized by Turkey's AKP leadership facilitated the EU's becoming a legitimizing force for political and administrative reform. The EU has affected not only formal structures, such as Turkey's national legal system and national and regional administrations, but also business–government relations and wider societal expectations concerning law, human rights, and public order.²⁷ However, the impacts of reform are not even across regions and social groups. Because of social and economic inequalities, larger cities and wealthier classes benefit from changes rather quickly, while rural populations and the southeastern regions, especially those that suffered from the war between the PKK and the army throughout the 1990s, have weak civil society structures and are slow to absorb change.

There are also ongoing deep fractures concerning the EU's sincerity toward Turkey. Turkish membership has recently become subjected to individual member state's domestic political dynamics and the calculations of political leaders, most notably observed during Turkey's presidential elections by Nicolas Sarkozy in France and Angela Merkel in Germany. Both repeatedly stressed that Turkey is not European enough and is culturally different (with regard to religion) and should therefore be offered a status of privileged partnership—rather than membership—in the EU. Despite these odds, the process of reform has gained unstoppable momentum in Turkey. Efforts toward reform have raised public expectations to a level that any government or political movement pondering a reversal would now fail to secure popular support. However, an important distinction is also emerging: Turkey's long ambition of internalizing Westernization and civilization is no longer narrowly interpreted as and associated with Europeanization. This public

perception is likely to shape a new but somewhat cautious relationship with the EU, and its calls for administrative decentralization.

Finally, following inconclusive presidential elections in May 2007, the balanced policy of the ruling AKP government was upended when a deepening conflict emerged between it and the secular establishment (the president, army, and civil society groups). At this point in time, further deepening of decentralization that will enhance local democratic institutions requires strong political consensus on the principles of the constitutional existence of the state. This process must urgently address three fundamental domains: (1) the relationship between religion and state, (2) a wide range of political reforms to contain ethnic separatism, and (3) a concerted civilian effort to overtake the army's central role in politics. The public debate on to what extent secularism can accommodate political Islam within democracy has been deepening in recent months, but party politics have been polarized and ineffectual in reaching consensus on a constitutional position on the issue. Despite EU-influenced reforms, Kurdish political parties still live in the shadow of the PKK's terror tactics. The Turkish army has resisted giving up its central position and instead continues to meddle in domestic politics. Turkey now needs another change of direction in its domestic political and economic management, and it is essential that such change be accomplished through civilian means. Decisions concerning the nature of Turkey's future political and economic environments will, of course, determine the nature of future administrative reform in Turkey.

Notes

- i. There is a compulsory military service for 18 months in Turkey, thus the army, as one of the strongest institutions in the country, is not clearly detached from the society like in the case of professional armies. Many claim that there is a strong bonding between ordinary citizens and Turkish army.
- ii. Although Turkey's largest businesses are still owned by foreign- and state-owned companies as well as by Istanbul-based family conglomerates, the number of successful Anatolian businesses has also been increasing. According to the 2005 Istanbul Chamber of Commerce classification, 23 Anatolian businesses, mostly SMEs, managed to get in the top 50 of the second league of largest companies. For additional details, see media reports at http://www.aktifhaber.com/read_news.php?nID=80711.
- iii. İller Bankası is a state-owned development and investment bank dealing with municipalities and councils.
- iv. The rise of political Islam in Turkey is due to a complex set of developments, not just a consequence of the rise of Anatolian SMEs. However, because this chapter is mainly addressing political Islam within the context of decentralization and rising new urban classes, a more detailed focus on and explanation for the rise of political Islam are beyond the scope of this chapter.

- v. Greece joined the EU in 1981 and systematically used its veto right to block the EU's technical and financial help to Turkey. The division of Cyprus between Turkish north and Greek south more recently intensified the tension between Turkey and the EU, as the Greek section of the island became a member of the EU in 2005 despite its rejection of the UN-backed unification plan. Turks believe that Greek veto is being used by the EU's big Turcophobes such as France, Germany, and Austria as a tool to block Turkish membership in medium term.
- vi. Following its independence from Britain in 1960, Cyprus was a bicomunal—Greek and Turkish—republic. However, there had been violent tensions between the two communities during the late 1960s. In 1974, the military government in Greece backed a right-wing coup to topple the Cyprus government and unite the island with Greece. In response, Turkey invaded northern Cyprus and created an ethnic enclave for Turkish Cypriots in the north. The southern regime remained as the internationally recognized Cypriot regime, whereas the north stayed isolated and dependent on Turkey. The last attempt to unify the island drafted by the UN and supported by the EU was accepted by the Turkish side but rejected by Greek Cypriots in 2005.

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**ADMINISTRATIVE
REFORM IN
NORTH AMERICA
AND LATIN AMERICA**

IV

Chapter 10

Administrative Reform in the United States: Toward Government– Nonprofit Partnerships in Governance

Angela M. Eikenberry and Michelle C. Pautz

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1 Introduction

American public administration has long retained an orthodoxy of reform.¹ In fact, one of the central problems of administration in the United States may be too much, rather than too little, reform.² White and Wolf describe this as the “flavor-of-the-month” syndrome in administration; constant change that leaves little time to test and implement—let alone understand the democratic implications of—reform efforts.³ The underlying ontology for such constant reform in the United States is the perception that government is broken and a managerial fix will cure its ailments. This mind-set is problematic because often administrative reforms are advocated without a thorough consideration of their larger ramifications to society.⁴ This criticism is particularly relevant to recent reforms in the United States that fall under the rubric of managerialism or New Public Management (NPM).⁵ Internationally, these reforms have sought to replace authority and rigidity with flexibility, a traditional preoccupation with structure with improvements to process, and the comfortable stability of government agencies and budgets with market-style competition. NPM initially manifested itself in the United States through efforts to reinvent government led by the Clinton administration in the 1990s, but its influence continues today in efforts by the George W. Bush administration to simultaneously ensure efficient and effective government performance while devolving government responsibilities to nongovernmental institutions.

Several scholars have identified problems and democratic concerns that arise with reinvention and NPM reforms for public administration, as well as the democratic issues and implications of the neoliberal policy agenda driving these reforms in the United States.^{5–12} This policy agenda is one that has advocated for smaller government, less taxes, fewer social welfare subsidies, and more charity. In this context, volunteerism and the work of nonprofit and voluntary organizations are offered as a utopian “middle way” where both liberty and fraternity can be achieved, individual rights can be maintained, and social needs can be met. Such an agenda seems to be only a recent manifestation of deep-seated values long held by Americans: a mistrust of a strong state that might impede personal liberties and individual choice coupled with a desire for maintaining community and quality of life.¹³ Stillman has shown how this tension resulted in the stateless origins of American public administration that continues to influence administrative reform today.¹⁴ Such a stateless origin has also provided fertile conditions for a robust nonprofit and voluntary sector in the United States.

This chapter looks at American administrative reform, with special attention paid to the perspective of nonprofit organizations that are increasingly seen as key agents of governance in the United States.^{15,16} It discusses the growing role of these organizations in implementing American public policies and argues that the constant reforms of the past—based largely on principal-agent and conventional regulatory perspectives—are problematic for this new environment. Because nonprofit organizations can contribute more to society than merely delivering services on

behalf of the state, they are often more than agents to be regulated, and, thus, partnership, rather than merely reform and regulation, may be more appropriate in this new era of governance beyond the state. We are not arguing that nonprofits *should* do more of the work of government in the United States—more discussion is needed among citizens, politicians, and academics about which problems should be addressed by government and which by nongovernmental arrangements—but arguing rather that in situations where nonprofits are deemed to be the best agents of service delivery, they need to be viewed as partners in public service.¹⁷

To make this argument, the chapter is organized into two sections. The first section provides a brief overview of administrative reform in the United States and is especially focused on the relatively recent reinvention and NPM reforms and subsequent increased use of nonprofit organizations to implement public policy. The second section explores the potential to move beyond reform to create partnerships between government and nonprofit organizations not only to provide needed social services but also to enhance civic engagement and democracy. This is an important issue to discuss as new and broader expectations emerge for the contributions civil society, and nonprofit organizations in particular, might play in policy creation and implementation in the United States and around the world.¹⁸

2 A Brief History of Administrative Reform in the United States

If there is a constant in American public administration, it is the search for change.¹⁹

Reform in American public administration is as old as the government itself.²⁰ American public administration as a conscious profession and field of study was born in a period of great reform during the Progressive Era, and the pace and complexity of such reform has only accelerated over time. Between 1945 and 2002, there were more than 170 reform statutes enacted at the federal level.²⁰ Scholars have long wrestled with understanding and synthesizing this drive for reform in American public administration. Conventional treatments of administrative reform generally examine changes chronologically in an effort to distill various patterns. Scholars have also looked at reforms in a more thematic manner. For example, Kauffman showed how administrative reform throughout American history has been affected by a changing emphasis on three values: representativeness, politically neutral competence, and executive leadership.²¹ In our description of reform, we rely on Paul Light's²² *The Tides of Reform*, because it is a "meticulously documented" thematic approach that has "perfectly capture[d] the phenomenon" of administrative reform in the United States.²³

2.1 *The Tides of Reform*

According to Light, there are four different reform philosophies, or tides, that have emerged in American administrative history: scientific management, war on waste, watchful eye, and liberation management.²⁴ Light argues that the American Constitution contained harbingers of each of these tides of administrative reform and shows the ongoing and inherent contradiction that “Americans cannot live with government, but they cannot live without it.”²⁵ For this reason, each reform tide is characterized by efforts to control and regulate government administration. It is important to note that each tide is not mutually exclusive, and these tides do not occur sequentially; rather there may be elements of multiple tides in a particular reform. As Light writes, “Although these four approaches are not inherently contradictory—and can even be found side by side ... they emerge from very different readings of government motivations.”²⁵ Each of these reform philosophies, or tides, is examined in greater detail next.

Scientific management is the first of the four tides of reform in American public administration. In the early 20th century, Frederick Taylor’s scientific management and its one best way to perform any given task extended public administration’s emphasis on efficiency to both operations and management. Scientific management was largely congruent with the demands of Progressive Era government reform advocates who argued that government and administration were inefficient and corrupt, thus more formal rules and procedures needed to be established. The foundation of this reform philosophy was and continues to be efficiency, which is achieved through rigid adherence to a defined set of management principles (such as Gulick and Urwick’s POSDCORB—planning, organizing, staffing, directing, coordinating, reporting, and budgeting). At least one author describes this period as being dominated by orthodoxy theory in which organizational issues were seen as technological problems that called for scientific analysis and the application of fundamental organizational principles.²⁶ One of the major reform initiatives of this tide was the President’s Committee on Administrative Management, better known as the Brownlow Committee. Reports generated by the Brownlow Committee recommended sweeping changes to the executive branch of government in the late 1930s by increasing the power of this branch, most notably through the creation of the Executive Office of the President. The executive reorganization implemented after Brownlow helped pave the way for the expansion of government activity that became part of the New Deal and World War II efforts in the 1940s.

The second tide of reform Light describes is the war on waste. War on waste is characterized by reforms that emphasize economy through preventing fraud, waste, and abuse or simply by employing budget cuts as a way to economize.²⁷ Reforms associated with this tide routinely emphasize economy in government operations as a way to counter allegations of government excesses. The enforcement mechanisms employed with this tide of reform include audits and investigations as ways to improve processes and reduce inefficiencies. There are numerous examples of this

type of administrative reform in the United States, including the Inspector General Act of 1978, which established the responsibilities of the office of inspector general that conducts audits and investigations of federal agencies, and the 1910 Taft Commission on Economy and Efficiency, which advocated for an executive budget. War on waste reforms frequently emphasize ensuring that public money and resources result in improved program performance.

The watchful eye is the third of Light's reform typologies. Watchful eye reforms are grounded in the assumption that government lacks openness; accordingly, the underlying goal of these reform efforts is to achieve fairness through the provision and dispersion of information to the public. Reforms of this type utilize "sunshine clauses" and endeavor to open more proceedings to citizens. The roots of this reform tide stretch back to the Progressive Era, during which time government was perceived by citizens to be largely corrupt. Three examples of this reform tide are the 1946 Administrative Procedures Act, which established procedures for transparency in government rule making and inclusion of citizens' comments; the 1964 Freedom of Information Act, which was seen as an important way to grant greater citizen access to the workings of government; and the 1989 Whistleblower Protection Act, which made it easier for federal employees to report waste, fraud, and other abuses. As discontent with government grows in the United States, such as during the Progressive Era or the civil unrest that accompanied the Vietnam era, watchful eye reforms are touted to ensure government transparency.

The final tide of reform Light describes is liberation management. This tide focuses on higher performance through monitoring outcomes and results. Higher performance is achieved through removing restrictive rules and procedures from agencies to allow for greater flexibility in producing results. According to Light, the iconic example of this tide of reform is the reinventing government movement. We focus on this reform effort next, as it has come to dominate reform in the United States in recent years and has been a major factor in the increased reliance on nonprofit organizations (and other nongovernmental entities) for policy implementation.

2.2 *Reinvention and New Public Management*

Reinventing government, as the reform was called in the United States, and NPM philosophies have dominated reform in American public administration in recent years. Reinvention and NPM are grounded in a fierce critique of the traditional government system that is viewed as being too large, too rule driven, and too unresponsive to citizens' needs. In an effort to fix the problems of traditional bureaucracy, NPM focuses on the delivery of goods and services to its citizens or customers by emphasizing program management. The key themes of NPM include emphasizing outcomes, stressing interorganizational and management reforms,²⁸ having a performance-motivated administration, making managers manage by changing incentive structures so they can focus on performance and results, and letting managers

manage by empowering them to have greater flexibility and control within their respective organizations.²⁹

NPM has influenced U.S. reinvention efforts through two major streams: letting managers manage and making managers manage. The first focuses on greater flexibility of managers paired with continuous improvement and customer service, where citizens are treated as government's customers.³⁰ The second focuses on changing the incentives of government managers by subjecting them to market forces such as contracting out, privatization, and the use of performance measurements.³¹ Osborne and Gaebler's widely read book *Reinventing Government* has had a good deal of influence on reinvention efforts in American government. These authors call for government to be more mission driven, results oriented, and customer driven. Ultimately, they call for a government that steers rather than rows.³²

Reinvention has affected government programs in several ways but most notably through the National Performance Review (NPR) initiated by the Clinton administration and spearheaded by then Vice President Al Gore to reduce the bureaucratic red tape in government. In addition to eliminating thousands of civil service positions under the NPR, Congress passed the now defunct Government Performance and Results Act (GPRA) of 1993.³³ Under the GPRA, federal agencies were required to develop multiyear strategic plans, performance plans, and performance reports in an effort to shift the focus from activities of government to the results and outcomes of government activities. The GPRA was replaced in 2001 with the Program Assessment and Rating Tool (PART).³⁴ PART is meant to integrate performance information and the budget by the Office of Management and Budget (OMB). The motivation behind PART is that more performance information will lead to better decision making. Preliminary findings indicate that PART scores do have a significant effect on budget decisions;³⁵ however, long-term impacts remain to be seen.

Reinvention and NPM are often most closely associated with an increase in contracting out and the privatization of public services. With such practices, there has been not only a transfer of responsibility for social service delivery from governmental agencies to private firms and charities but also a growing expectation and preference for nongovernmental action to solve societal problems, creating what some have termed the "hollow state."³⁶ According to Milward and Provan, the "hollow state is a metaphor for the increasing use of third parties, often nonprofits, to deliver social services and generally act in the name of the state."³⁷ The hollowing of the state has received strong support from politicians in recent years. Examples include the Clinton administration's sweeping welfare reform legislation that included a "charitable choice" amendment encouraging state and local officials to use charitable and faith-based organizations to provide welfare-related services³⁸ and the George W. Bush administration's continued call for greater reliance on local faith-based organizations and community groups to help the poor.³⁹ Faith-based organizations are organizations formed by churches to help meet human

service and other needs in the community. Next, we turn to a discussion of the increasingly larger role of nonprofit organizations in the governance structure.

3 The Expanding Role of Nonprofits in Governance

Nonprofit and voluntary associations have long been important symbols of what many see as America's collaborative but independent spirit, and their status in American governance has expanded a great deal in recent years, as noted above. Nonprofit organizations in the United States are institutions designated by a state government as a nonprofit corporation and often by the U.S. Internal Revenue Service (IRS) as tax exempt. The term *nonprofit*, then, designates a legal and regulatory status for an organization that typically does work related to the arts, education, health care, and social welfare. Nonprofit organizations can be quite diverse, ranging from small human service organizations such as homeless shelters or arts centers, faith-based or religious institutions, and large federated organizations such as the American Red Cross or Salvation Army to substantially endowed universities, hospitals, and foundations. Nonprofit organizations represent about half of all hospitals, one third of day care centers, and about half of higher education institutions, and the scale of the nonprofit sector in the United States has grown considerably in recent years, the most recent data available showing 1.4 million nonprofit organizations registered with the IRS in 2004, providing approximately 7 percent of total employment.⁴⁰ The reason for this growth is varied but has certainly been influenced by their greater visibility and policy salience, social and demographic shifts, and increased revenues from commercialization.⁴¹

Although nonprofit organizations (and other nongovernmental entities such as for-profit corporations)⁴² are increasingly important actors in the U.S. policy process, there has been increased concern about how to ensure that these organizations maintain accountability to government, citizens, and clients. Much like earlier administrative reforms in the United States, the most popular means for ensuring this accountability has been for government agencies to use legal and bureaucratic control mechanisms, such as outcomes-based assessments, audits, and provider self-reports, to try to achieve such accountability.⁴³ Yet scholars have found that these control-based measures are inadequate or fail to influence desired outcomes. Similar to earlier tides of administrative reform, Light suggests that they "may have done little to actually improve ... performance."⁴⁴ At times, rather, such reforms and control mechanisms have served as a substitute for actual change.⁴⁵

Thus, one of the main reasons cited for relying on nonprofit organizations rather than on government for service delivery—that they are better able to assess and meet community needs—is compromised if these organizations are held to the same reform standards as public organizations. In practice, public administrators experience problems of contract failure, inadequate resources for oversight, and a general lack of capacity among nonprofit providers within this contract environment.⁴⁶

Nonprofit service providers have also expressed concern about such control mechanisms. Conveying the views of several nonprofit managers in New York City, Bernstein describes the difficulties managers have with the chaos of government budget cycles, rules, and contract compliance procedures. The outcomes are that community-based nonprofits relying heavily on public funding are “forced to shift focus from meeting community needs to meeting contract compliance requirements.”⁴⁷ Ultimately, such control mechanisms and measurements are inadequate for tracking and may even divert what could be considered the core attribute of nonprofit service provision: concern for mission over profit and an ethic of care.⁴⁸

Furthermore, reform based on regulation and use of control mechanisms is founded on too narrow a view of nonprofit organizations and their role in democratic governance. Since at least Alexis de Tocqueville’s analysis of democracy in America, there has been a general assumption that nonprofit or voluntary associations are not just good for but essential to democracy.⁴⁹ A key aspect of this is the contribution that these organizations make in building and maintaining civil society. Though a contested term, *civil society* is defined here as “the space of uncoerced human association and also the set of relational networks—formed for the sake of family, faith, interest and ideology—that fill this space.” Civil society is important for democracy because it is the space in which democratic attitudes are cultivated and democratic behavior is conditioned.⁵⁰

Nonprofit and voluntary organizations, rather than government or the market, seem to be best positioned to contribute to the democratic contributions of civil society. There are at least three ways in which nonprofit organizations contribute to civil society: (1) providing services, (2) holding the government and market accountable by representing or advocating for citizens, and (3) building the capacities of citizens to participate in governance.⁵¹ First, civil society carries out a variety of public and quasi-public functions, including providing services to the community. Nonprofit organizations especially seem to allow for a broad array of activities and services that may not be provided otherwise. As noted earlier, in the United States we have seen government downsizing and privatization paired with calls for nonprofit organizations and their philanthropic supporters to provide services once within the purview of government. Within this context, public administration scholarship has largely focused on this service delivery role for nonprofit organizations; however, there are two other and very significant roles U.S. nonprofit organizations play within the context of administrative reform.

Civil society also “stresses the *representative or contestatory functions* of social organizations outside the state.”⁵¹ Here, civil society organizations serve to hold the state accountable, ensure that multiple voices are heard in the policy process, and use associative action for economic, social, and political change. They also permit a range of values and points of view to be expressed within society.⁵² In other words, nonprofit organizations can be lead actors pushing for government accountability to citizens, which, in some cases, influence administrative reform efforts and in other ways provide an alternative to mainstream reform efforts. This too has been

a growth area for civil society organizations in recent years, especially advocacy action by nonprofit organizations, although the focus of advocacy work has shifted from material issues that improve members' standard of living to postmaterial issues that focus on quality of life.⁵³

Finally, civil society includes an emphasis on socialization where “the associations of civil society are thought to play a major role . . . in building citizenship skills and attitudes crucial for motivating citizens to use these skills.”⁵⁴ Here, civil society institutions’ “special strength is in providing a democratic political opportunity structure, encouraging indigenous leadership capabilities, shifting to an asset- rather than a deficit-based understanding of communities, and providing a forum for citizenship.”⁵⁵ This is largely what Tocqueville conveyed in *Democracy in America* when he observed that “Americans of all ages, all conditions, and all dispositions” continually joined together in informal voluntary associations for mutual benefit.⁵⁶ Based on de Tocqueville’s observations, voluntary association is seen as a means for citizens to achieve the virtues necessary for democratic citizenship—trust, moderation, compromise, reciprocity, and skills of democratic discussion and organization—and to link individuals’ private interests to broader community interests.⁵⁷ Today, nonprofit organizations are often seen as a key to enhancing political participation in the wider community and, as such, can provide a source of influence on administrative reform in the United States as well as an alternative avenue for ensuring government accountability that may be more reflective of the general will.⁵⁸

A broader view of the various roles that nonprofit organizations play in society—that they can be more than just service delivery agents and that they make special contributions to democratic governance that are different from government or market institutions—reveals the shortcomings of using reform and regulatory mechanisms to ensure that nonprofit organizations remain accountable, or at least accountable in the narrow sense a principal–agent perspective conveys. Such control mechanisms may even serve to compromise the contestatory and citizen-building roles that nonprofit organizations play, especially in relation to administrative responsiveness, and thus may not only lessen their influence on administrative reform but also lessen their ability to provide an alternative to reform efforts that is perhaps more consistent with the will of citizens. Given the shortcomings of such control mechanisms, we suggest moving beyond reform and regulatory models to view relationships with nonprofit service delivery agents as partnerships. We address this in the next section.

4 From Administrative Reform to Partnership in Public Service

As we stated earlier, our argument for a partnership model assumes that a decision has *already* been made to rely on a qualified nonprofit organization or organizations

to provide certain public goods and services. Others have discussed the potential problems with relying on nongovernmental agents as service providers,⁵⁹ and although this broader discussion is beyond the scope of our focus here, we believe it is one that should take place among citizens, public administrators, and elected officials but has yet to be adequately addressed in the U.S. policy arena. Nonetheless, once policy makers and public administrators decide that nonprofit organizations are the best agents for delivering certain services and otherwise implementing public policies, as is increasingly the case in many policy areas in the United States, moving beyond administrative reform models and a regulatory relationship makes sense. This is not a new idea, as scholars have previously shown that there has been a strong, mutually beneficial relationship between nonprofits and government throughout American history.⁶⁰

We should note that this runs counter to the direction American administrative reform has taken in recent years. Influenced by the reinventing government movement, as noted earlier, there has been more significant use of market-based mechanisms among nonprofits.⁶¹ However, such marketization trends may have had significant negative impacts on nonprofit organizations' ability to create and maintain civil society.⁶² First, the new emphasis on the market in contracting has forced nonprofit organizations to reconfigure their operations and organizations to meet competitive performance-based contract requirements.⁶³ As with other administrative reforms, this has led nonprofits to compromise their missions and replace a benevolent spirit with a mind-set of competition.⁶⁴ Contract competition among nonprofit organizations has also caused a shift away from a focus on service and advocacy, and current government contract stipulations put an increased emphasis on management concerns such as documentation, fund-raising, and outcome measurement at the expense of service delivery.⁶⁵ Furthermore, it encourages nonprofits to "provide reimbursable services of individual benefit where the outcome can be measured and documented . . . and financially discouraged from serving populations with deepseated [*sic*] and chronic needs or providing services to the community when outcomes are difficult to measure."⁶⁶ The competitive environment also compels nonprofits to put more energy and money into the image they project to funders and the community.⁶⁷ Ultimately, competition for contracts may mean smaller surpluses that allow nonprofit organizations to reinvest in additional services for the community.⁶⁸

In terms of their contestatory role, nonprofit organizations may have less time and energy for providing public goods such as public education and advocacy, because they "are consumed by the challenges of becoming competitive providers."⁶⁸ Regardless of resource and time constraints, some nonprofit executives have reduced advocacy efforts because they "are unsure if they could keep their contracts if they became critics of government or private sector contractors."⁶⁹ Finally, the emphasis on competition within the government contracting process threatens nonprofit interorganizational networks because nonprofit organizations are increasingly forced to compete with each other as well as with for-profit organizations. In

addition, the contract competition's focus on professional competency areas devalues the work of volunteers. In the end, the focus and influence of government on nonprofit organizations to do more with less "inevitably forces priorities to be set in terms of the bottom line rather than in terms of building social capital."⁷⁰

As an alternative to the market approach, and rather than viewing nonprofit organizations as agents to be controlled in the same way that administrative reforms have often been applied to public agencies, a more holistic view of nonprofit organizations—one that emphasizes their role in civil society—may enable government agencies to view and treat nonprofit organizations as partners in public service.⁷¹ This partnership model would consider public administration and its goals more broadly and thus include a vision of change that is more than legal or technical. Such a point of view would also allow for the participatory (and potentially contestatory) aspects of nonprofit organizations to continue, in addition to their service delivery roles.

At least one author has suggested that public administrators consider stewardship theory as a way to view the government–nonprofit relationship as a useful model in this context. Stewardship theory suggests "that when a principal and an agent share the same core values ... an internal sense of responsibility is created and accountable behavior can result."⁷² Unlike principal–agent theory,ⁱ "the chief value guiding behavior under stewardship theories is public service, and ... stewardship theories recognize the possibility of motivational altruism." Given that nonprofit organizations often share the same sense of public service and altruism of government agencies, stewardship theory appears to be a realistic alternative. For example, Dicke found that the government agencies she surveyed often relied, to some degree, on the public service and altruistic ethic of nonprofit providers to monitor accountability anyway. The implication of such a reliance on stewardship is that government agencies need to choose providers based on not just the lowest bid or the greatest efficiency but also the degree to which the provider shares in the values of public service.

Assuming that the public agency and nonprofit provider share core values and a sense of serving the public interest, and each enters the relationship in a partnership mentality, issues of conflict should be reduced and a more collaborative model of decision making be more applicable. When conflict does arise, at it surely must, actors may more easily draw on principled negotiation strategies to reach consensus on difficult issues.⁷³ The key is the attitude with which the actors enter the relationship and their commitment to build a trusting relationship. Entering into such a partnership does not mean that either actor ignores legal constraints (such as limits put on public and nonprofit organizations to participate in political activities) or political masters and stakeholders. Each party holds the other accountable in such a mutual relationship. However, there is an assumption in this model that both parties want to do what is in the interest of those being served and the larger public interest; it is here that democratic accountability ultimately lies. Such a stewardship model is in line with the concept of Wamsley et al.'s "balance wheel" approach as

a basis for ethical administrative decision making and action, as both public and nonprofit agencies have many masters to serve.⁷⁴ In this context, public administrators, and here nonprofit administrators, draw on direct linkages with the people to balance out demands made by competing political interests to serve the public interest. The role of the public and nonprofit administrator would be to expand opportunities for direct citizen involvement in governance, develop personal reflexivity, and give reasons for what they do.

To this end, managers of nonprofit organizations will need to put as much emphasis on the diversity of and deliberation of substantive issues among their boards of directors as they do for service delivery. A diverse board would include members from various economic, social, and political backgrounds, including representation of the interests of those being served. In this context, if clients are to truly have a voice in nonprofit governance, they may need greater support systems in place as compared to other board members. For example, a homeless person sitting on the board of a shelter will likely need a stipend or some other kind of support to make participation possible.⁷⁵

Though donors (or government contractors) and volunteers are integral to the organization's ongoing operations, the nonprofit manager must also listen to other voices in the community as well as clients while staying true to the mission of the organization. The manager's ethical obligations are ultimately to the population being served and the larger public.⁷⁶ Here, nonprofit managers must strive to convey the needs of those being served forthrightly to donors and the community.⁷⁷ Finally, nonprofit managers should help to inform the community about issues related to their area of focus so that citizens can contribute to the communal knowledge base⁷⁸ and be able to play a contestatory role if needed. Part of this education process includes creating opportunities for staff, volunteers, and clients to learn the skills needed for active citizenship.

5 Conclusion

Administrative reform is unlikely to divorce itself from its intimate connection with American public administration in the foreseeable future. Previous reforms in the United States cannot be the only guide for future reforms; Light's often-cited tides of reform do well to characterize previous reforms, but this characterization of reform does not adequately account for the changing role of nongovernmental institutions in American governance. Nonprofit organizations in particular increasingly play an integral role in the delivery of public goods and services, and as a result this expanded role needs to be more fully considered in the implementation of public policy and the adoption of administrative reforms. We argue in this chapter that once it is decided that nonprofit organizations are best suited to deliver such goods and services, a partnership model may be the best for guiding government and nonprofit relations, instead of principal-agent and conventional regulatory perspectives dominating past

administrative reforms. Change is ever present in American public administration, and in the future if that change is to be successful, it must consider more fully the role of nonprofit organizations in governance.

Note

- i. Principal–agent theory posits that there is typically “a fundamental tension between the interests of a principal and an agent in a contracting relationship. Agents are assumed to be self-interested utility maximizers who will pursue their own self-interests over and above the wishes of the principal in the absence of threats, sanctions, or inducements” (see reference 34).

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Chapter 11

Reconsidering the History of Administrative Reforms in Canada

Luc Juillet and Matthew S. Mingus

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1 Introduction

Canada has certainly been no stranger to service-wide administrative reforms. Since the 1960s, although the rhetoric of reform has often exceeded its results, the Canadian Public Service has lived through a series of reform initiatives and task forces meant to modernize its management, to improve its performance in delivering services, and to improve its accountability to Parliament for its use of authority and public funds. Although it is not possible to do justice to this complex history in a short chapter, we nevertheless provide an overview of these large-scale administrative reform initiatives and explore the factors that led to their varied outcomes.

As we reconsider this history, we show that managing the complex interface between parliamentary politics and public management has proved to be one of the key difficulties in achieving meaningful administrative reforms in Canada. In particular, some reform initiatives, imbued with the spirit of managerialism, have suffered from their insufficiently taking into account the realities and constraints of parliamentary government and politics, thereby limiting their success. Moreover, even when the constitutional and political realities of parliamentary government were considered by reformers, their success was often hindered by the difficulties of aligning political will and bureaucratic leadership in the pursuit of administrative reform.

2 The Glassco Commission: A Watershed in the History of Canadian Administrative Reforms

As much of its attention and energy were devoted to establishing the foundations of a modern Keynesian welfare state—social programs and a managed economy—the Canadian Public Service paid little attention to large-scale administrative reform from 1945 to 1960. Despite some exceptions in the field of personnel administration,¹ reform efforts were few during this period, and, as one senior public servant would later put it, “the rate of management innovation was exceedingly slow and eminently digestible.”² This situation changed significantly in the early 1960s, when large-scale administrative reform made its way onto the political agenda.

The first significant postwar salvo in reforming Canadian public administration took the form of a high-profile royal commission established to study the management of the Public Service. The Royal Commission on Government Organization, commonly called the Glassco Commission, tabled its final report in 1962. It painted a somewhat devastating picture of the state of administration in the federal Public Service. In the commissioners’ view, excessive controls and detailed rules constrained the ability of managers to deliver quality public services with efficiency and economy. A more modern approach to public administration was recommended, including the idea that departmental officials needed to pay more attention to management and to the achievement of clearly defined objectives. In

return for fewer constraints on their behavior, departmental managers should be more accountable to their ministers for the efficient achievement of results.³

This commission's overall approach to modern public management translated into a number of more specific proposals for structural changes. For example, with regard to personnel management, Glassco recommended the transfer of most of the functions of the Civil Service Commission (an independent personnel agency mandated in part to protect the Public Service against patronage) to the departments, who would be acting within guidelines and policies set by the Treasury Board. The Civil Service Commission would retain only some staffing functions, such as approving initial appointments to the Public Service, which would be considered essential to prevent the return of political patronage.⁴ In this context, the Treasury Board Secretariat would acquire a higher standing within the Canadian Public Service. The Treasury Board Secretariat would be separated from the Department of Finance and granted its own full-time minister. Its role would be strengthened, essentially turning it into the central manager of the Public Service and allowing it to establish most service-wide management policies in addition to overseeing the appropriation and expenditure of funds. However, in discharging its duties as central manager, the Treasury Board would also have to shed its "tradition of detailed control of departmental administration"⁵ and start focusing on providing central direction through the establishment of management guidelines and policies.

Despite the considerable attention they attracted, the Glassco recommendations were not fully implemented. Although the Civil Service Commission, renamed the Public Service Commission in 1967, retained much of its authority for staffing the Public Service, it accelerated preexisting plans to delegate some of this authority to departments. Similarly, although the Treasury Board Secretariat was indeed created as a separate entity and given its own minister, it did not significantly move away from the "detailed control of departmental administration" that Glassco identified as a key administrative weakness. "There were changes in the details of the controls, to be sure, but the essentials of the regime remained unchanged."⁶ Paradoxically, by strengthening the Treasury Board Secretariat and emphasizing the need for better central direction, the Glassco Commission contributed to the "construction of an even more elaborate complex of central management systems."⁷

However, despite these decidedly mixed results in achieving its objectives and reforming the federal Public Service, one should not underestimate the importance of the Glassco Commission in the history of administrative reforms in Canada. Beyond the actual changes brought about by its recommendations, the commission marked a watershed in postwar administrative reform theory: well before the advent of the New Public Management, Glassco espoused the need for greater managerial flexibility and fewer controls in the pursuit of efficiency and innovation in delivering public services. Its slogan, "let the managers manage," has since become a perennial mantra for Canadian reformists.

Yet the very fact that such calls for fewer central controls and greater managerial flexibility reemerge periodically in the discourse on administrative reform is

evidence of the fact that these recurring reform initiatives have rarely yielded the desired results. There are undoubtedly many reasons for this limited success. But, as A. W. Johnson observed, the tension between greater managerial flexibility and freedom on one hand and the need for effective parliamentary control and oversight on the other hand, has been a central impediment to many of the large-scale reforms attempted over the years. It is worth quoting Johnson at length:

The heart of the failure, as I see it, was that the advocates of the comprehensive reforms did not adequately cope with the question of how the reforms would “fit” in parliamentary government. How does one implement reforms in a way that is consistent with the conventions of parliamentary supremacy and control? What are the implications for a cabinet system where, because of the collective responsibility of the cabinet for every aspect of governance, there is a tendency to operate like a centrally directed single firm despite the evident fact that government is a conglomerate of disparate functions? How can reform be made workable in the political environment that government operates in, when every exercise of responsibility, every answer in the name of accountability, is judged in political terms? These questions were not explicitly addressed—or sufficiently so—by the reformers outside of government and sometimes even inside it. They are, however, questions of fundamental importance.⁸

On this score, the Glassco Commission was probably guilty of insufficiently exploring the political context under which the Public Service had to operate. In its desire to import private sector managerial concepts to the Public Service to modernize its administration, it paid insufficient attention to the constitutional framework and the politics of the dominant accountability regime of Canadian parliamentary government. Although its final report explicitly referred to ministers’ accountability to Parliament as the “ultimate safeguard” against political patronage in appointments and the mishandling of public funds,⁹ it did not seem to grasp the difficulties of granting greater managerial discretion to managers in a political system where ministers would be asked, in a highly charged atmosphere, to account for potential mistakes made in the exercise of such managerial discretion. This accounting occurs on a daily basis when Parliament is sitting because of the institution of Question Period, which is an open opportunity for opposition party members to directly ask questions of the prime minister and other ministers. Question Period is televised in Canada, just like in Britain. The fit between the realities of parliamentary government and administrative reforms can be ignored only at the peril of the reformers.

3 “Rational Management” and Central Controls in the Trudeau Era

The relative failure of the Glassco Commission in reducing administrative controls and freeing up managers in the pursuit of efficiency, economy, and effectiveness is also explained by the fact that, by the late 1960s, politicians were growing more concerned over a perceived lack of political control of the bureaucracy. As the growth in government programs led to a larger and more complex bureaucracy, elected officials found it more difficult to impart political direction to the Public Service. Ministers lacked the information and resources needed to make independent decisions about public policy and could easily be captured by their senior officials. As a consequence, the belief was that strengthening ministerial direction over the government required more, not less, central control. The central agencies had to be strengthened to ensure that the cabinet members received independent information and analysis that would allow them to make rational choices about policy options and challenge their departments on the effectiveness of existing programs.

The appointment of Pierre-Eliot Trudeau as prime minister, following the Liberal Party’s electoral victory in 1968, effectively carried into power this view about the state of Canadian public administration. This represented the rise of rational management and policy analysis within political circles and the Public Service. The clearest practical manifestation of the rational management paradigm was the 1968 adoption of the Program Planning and Budgeting Systems (PPBS), an approach to planning and program evaluation adopted in the United States a few years earlier.

PPBS sought to organize expenditures on a program basis (as opposed to categories of expenditures under the previous line item budgeting approach) and then to clearly define program objectives, estimate future costs, and provide alternatives for meeting the same objectives. This would allow ministers to make rational choices based on their informed evaluation of a set of program alternatives. This approach, however, rested on a very optimistic assessment of the potential of evaluation and policy analysis techniques, and it generated an insatiable need for information and analysis.¹⁰ To make it work, the Trudeau government created new central agencies and turned to an expanded “coterie” of “super-bureaucrats”¹¹ in charge of developing new information systems, providing advice, coordinating the policy process, and managing the government.¹² Although the Glassco Commission recommended program-based budgeting to modernize departmental management, the Trudeau government used this approach to impose further central control, particularly from the Prime Minister’s Office, Privy Council Office, and Treasury Board Secretariat.

However, from the standpoint of both improving management and strengthening political leadership, the results of PPBS quickly proved disappointing, because the information was not always complete or reliable and the evaluation techniques frequently lacked the robustness necessary to make decisions. More important, the practice of governing quickly revealed the tension between rational techniques of decision making and the realities of democratic government and politics. When

conclusions reached through a rational weighing of options contradicted popular pressures or the dominant political interests, the weight of parliamentary politics asserted itself in the decision-making process. This reassertion of the preponderance of politics, in the final analysis, served to temper the enthusiasm for centralized rational management on the part of both the Trudeau government and the bureaucrats.¹³ However, to departmental managers in the trenches, the system requested a considerable investment of time and energy and then delivered few compelling results. For them, again, the net effect appeared to be a growth in centralized controls. As a result, although the quest for more rational management more or less remained the official stand of the Trudeau government until its electoral defeat in 1984, the approach had effectively been abandoned by the late 1970s.

Unfulfilled promises were not the only factor that diminished the importance of the paradigm of rational management. By the mid-1970s, the first oil shock, the rise of inflation, and an ineffective Keynesian response to the growing economic crisis led to a growing concern about the government's inability to keep its spending under control. The era of retrenchment management started, and by the late 1970s, the debate about administrative reforms gave way to the twin issues that would mark the next 20 years: (1) tighter controls on spending and (2) the fight against persistent budget deficits. Economy outranked efficiency. A landmark event on this front was the declaration by the auditor general of Canada (i.e., the independent auditor of the public accounts who reports directly to Parliament as opposed to the executive), in his 1976 report, that he was deeply concerned that "Parliament—and indeed the Government—[had] lost, or [was] close to losing, effective control of the public purse."¹⁴

The auditor general began arguing against the further decentralization of financial management to the departments and even advocated the creation of an Office of the Comptroller General to strengthen the control of expenditures. In addition to exercising closer oversight of financial transactions, the Office of the Comptroller General would be responsible for ensuring that departments conducted adequate evaluations of the effectiveness of their programs and continuously identified opportunities for greater efficiency and economy. At the same time, the Office of the Auditor General should see its powers expanded to include value-for-money audits to ensure, through external independent oversight, that the bureaucracy properly assessed the efficiency of its programs.¹⁵

Although they were originally resisted, these proposals gained strength when the government created the Royal Commission on Financial Management and Accountability (i.e., the Lambert Commission) to find solutions to the perceived crisis in financial management.¹⁶ The Lambert Commission also recommended the creation of a comptroller's office separate from the Treasury Board Secretariat and the adoption of tighter financial controls. The government finally acquiesced: the statutory mandate of the Office of the Auditor General was expanded to include value-for-money audits in 1977, and the Office of the Comptroller General was created in 1978.

In contrast to the Glassco Commission, the Lambert Commission paid close attention to the constitutional realities of parliamentary government, but, after consideration, it found one of the key principles to be lacking in delivering adequate financial and administrative accountability. The commission argued that the doctrine and practice of ministerial accountability, which call for the minister in charge of a department to account to the House of Commons for all actions taken under its authority, were increasingly ill suited to the realities of contemporary public administration. Deputy ministers (the permanent administrative heads of departments) have, under some statutes, the direct responsibility (and authority) for some important aspects of management, and in practice they are responsible for the management of their department. Yet because of the Canadian practice of ministerial accountability, they remain largely shielded from directly accounting to Parliament for the quality of their performance and the use of their budgetary and statutory authority.

As a corrective, the Lambert Commission suggested that clearer distinctions be drawn between the respective responsibilities of ministers and deputy ministers and that the latter be asked to account directly to a committee of the House of Commons for their administrative performance. Endorsing the commission's findings, the Office of the Auditor General also called for greater parliamentary accountability by senior administrators throughout the 1980s. Finally, in 1985, an important House of Commons committee studying parliamentary reforms recommended more direct parliamentary accountability by senior administrators. This call for greater direct parliamentary accountability by senior executives of the Public Service marked the beginning of a long-standing dispute in Canadian debates about administrative and parliamentary reforms, which continues to this day.¹⁷

Such a system of more direct parliamentary accountability by permanent heads of the Public Service has been in place in the United Kingdom since 1872. Despite the recurrent popularity of this approach in some corners, it has met considerable opposition by successive Canadian governments, the Public Service, and many academics in Canada. For those opposed to it, this model of administrative accountability rests on a naive belief in the possibility of separating administration from politics, and its application would serve only to allow government ministers to avoid accountability by deflecting the blame for their direction on bureaucrats. Moreover, by forcing bureaucrats to account for their behavior in the necessarily partisan environment of the House of Commons, the new system would risk "politicizing" the executive ranks of the Public Service. In the end, critics believed, Canadians would likely end up with a weaker accountability regime and a less neutral Public Service. In the 1980s, these critiques, along with resistance of the senior executive ranks in the Public Service, were enough to block any serious consideration of reforms meant to introduce more direct administrative accountability to Parliament. This reveals the considerable influence of the Public Service in blocking administrative reforms.

As we have seen, the period ranging from the late 1960s to the mid-1980s was largely marked by concerns for adequate controls over departmental management,

particularly increased central controls over departmental administration to better restrain public spending, as well as calls for greater direct accountability of the Public Service to Parliament. Although the latter yielded few important results, central controls were indeed tightened and led to a growth in central agencies. As Douglas Hartle has shown, the total staff of the Treasury Board Secretariat and the Office of the Comptroller General increased from 392 in 1967 to 912 in 1986, an expansion of 133 percent in 20 years.¹⁸

4 The Conservative Interlude: Let the Managers Manage ... Budget Cuts

Financial problems were not, however, reigned in by these measures and were then compounded by a recession in the early 1980s. The election of 1984 saw the rise of the Progressive-Conservative Party, and Brian Mulroney become prime minister. After decades of Liberal rule, the arrival of Mulroney at the helm of the Canadian government seemed to herald a significant change in policy. Following in the footsteps of Ronald Reagan in the United States and Margaret Thatcher in the United Kingdom, it appeared to be Canada's turn to embrace the conservative revolution. For the Public Service, the change in government did not bode well: Mulroney had made some derogatory remarks about public servants during the election campaign, and large-scale cutbacks were expected.^{19, 20} Insofar as it had any substantive agenda for administrative reforms, the Conservatives embraced a return to the Glassco Commission vision: further delegation of authority to departmental managers and fewer central controls as a means to elicit more productive and efficient management. The goal of the new government, as Mulroney stated, would be "simply to govern—and to let managers manage."²¹

Unfortunately for the Conservatives, the implementation of such an approach would be seriously hindered by at least two factors: the difficulty of launching and achieving meaningful administrative reforms under conditions of fiscal retrenchment as well as insufficient political support to achieve significant administrative reforms in the face of internal resistance. Moreover, at least in the early part of its time in power, the Mulroney government relied on the naive belief that the solutions to public sector problems could be found by importing ideas and practices from the private sector. This mirrored the New Public Management concepts first seen in the Glassco philosophy. For example, this government tended to rely on private sector advisers to guide reforms, which made it difficult to benefit from the support and expertise of the senior bureaucracy. This provides a clear historical example where leadership from one side of the spectrum, the political side in this case, proved to be not enough to enact meaningful reform.

Their philosophy was on display on Mulroney's very first day in office as the Conservatives appointed a ministerial task force to review government programs

and identify opportunities for spending reduction. The task force, the prime minister announced, was also created to find ways to simplify government programs, make them more accessible for citizens, and delegate decision making about their operation closer to the front lines of service delivery.²² Chaired by Deputy Prime Minister Erik Nielsen, the Task Force on Program Review operated under the guidance of an advisory committee composed of private sector executives. A series of study teams composed of bureaucrats and business representatives examined government programs, and their recommendations were discussed with the private sector advisory committee before being submitted to ministers. The Conservatives believed that the heavy involvement of the private sector in the task force's work would help them streamline the bureaucracy and bring in new ideas to improve the management of the Public Service.^{23,24}

However, despite its high profile, the Neilsen Task Force led to little reform, and the government ignored most of its recommendations. Out of the more than \$7 billion worth of spending reductions it recommended, the government implemented program cuts of roughly \$500 million. Similarly, the government adopted a new contracting-out policy as a result of the Neilsen recommendations, but the overall impact on the structure and administrative policies of the Public Service was minimal.²⁵

The reasons for this failure seem to have rested mostly in the lack of support among ministers and senior bureaucrats. The fact that the initiative was largely driven by business representatives, brought from the outside to "fix" the Public Service, was resented by many public servants, and there was distrust, if not some hostility, between business representatives and senior bureaucrats. The abrasiveness of Nielsen, well-known to dislike the Public Service, did not help win over the support of government executives. Interestingly, political support at the ministerial level was also lacking. Few ministers were ever interested in the task force's work, and when Nielsen had to leave the cabinet over a scandal a few months after tabling his report in 1986, the initiative quickly lost momentum, finding no new champion within the senior bureaucracy or around the cabinet table.²⁶ In the end, rather than making a significant effort at administrative reform, the task force proved to be mostly an unsuccessful cost-cutting exercise.

Following the failure of the Neilsen Task Force, the government apparently understood the difficulties in relying on private sector outsiders to reform the Public Service as well as the need for support within the cabinet for specific administrative reform efforts. As a consequence, the main initiatives implemented during the rest of their time in government were essentially designed and led by senior bureaucrats. The first of these was the Increased Ministerial Authority and Accountability (IMAA) project starting in June 1986, an internal reform initiative aimed at streamlining administrative policies. Under the IMAA, the Treasury Board Secretariat launched a full review of its policies to reduce central controls on departmental managers. It also offered departments the opportunity to negotiate memoranda of understanding (MOU) outlining specific accountability frameworks

in return for greater flexibility in complying with Treasury Board administrative rules. The results of the IMAA were mixed, at best. Six years after its implementation had begun, only a third of government departments had negotiated an MOU and departments complained that the flexibility gained was largely annulled by the onerous reporting requirements attached to the MOU.²⁷ Similarly, although the administrative policy review somewhat reduced the need for obtaining central approvals and reporting requirements,^{28, 29} the promise to remove constraints to good management remained largely unfulfilled.³⁰

The mixed and timid results of the IMAA are also suggested by the fact that in 1989, just three years later, the government launched a new administrative reform initiative called Public Service 2000 (PS2000). Like previous conservative initiatives, PS2000 was clearly aimed at increasing the efficiency of the bureaucracy by reducing central controls on departmental management; however, this initiative was entirely internally driven and vied for political attention with numerous high-profile policy issues. The clerk of the Privy Council (who is the administrative head of the Public Service) played a leading role in its development, and he relied on 10 work groups, each headed by a deputy minister and composed of public servants, to examine various aspects of public management. Based on their work, a White Paper titled *Public Service 2000: The Renewal of the Public Service of Canada* was published in December 1990. In addition to the usual calls for a reduction in central controls and more departmental autonomy, the paper also emphasized the need for a more client-centered approach for delivering services and the empowerment of public servants in closer contact with clients (i.e., street-level bureaucrats).

PS2000 yielded some tangible results. On the personnel side, legislative changes were adopted in 1992 to allow appointments to be made “at level” as well as to specific positions. The measure gave a new degree of flexibility for managers to move employees around to respond to evolving needs. On the financial side, the government introduced “single operating budgets” to allow managers to move funds across categories of expenditures and even to carry a percentage of their budget from one fiscal year to the next. Although these and other changes offered a new measure of managerial flexibility, they did not constitute a major transformation of the Public Service or a new management philosophy.

More important, according to its own proponents, success of the PS2000 initiative depended on a change in the organizational culture of the Public Service. If a demoralized and risk-averse workforce could be empowered and motivated by the pursuit of a client-centered philosophy of public service, people would transform their own departments in multiple ways and improve both the efficiency and the quality of services. This change failed to occur in large part because although the senior bureaucracy was extolling the virtues of empowerment and service, it simultaneously was implementing a series of significant program cutbacks and wage freezes.³¹ For many employees, already cynical because of the string of previous reform initiatives that seemed to have had little impact, the top-down implementation of successive waves of budget reductions seriously eroded the credibility of the

service-focused and employee-friendly rhetoric of PS2000. Within a few years, the initiative was discredited.

Moreover, the achievement of significant changes in the workings of government requires sustained political commitment. In the early 1990s, this commitment was lacking. According to a senior deputy minister at the time, “The ministers in office in the early 1990s, like virtually all of their predecessors since Confederation [i.e., the constitutional founding of Canada], had little interest in the workings of government or the design of programs. These are simply not subjects that readily capture the attention of hard-pressed people at the political level. Unfortunately, in the absence of sustained attention by ministers, the scope for significant changes in the workings of government or the definition of its functions is very limited.”³²

This view is corroborated by Peter Aucoin’s comparative study of the New Public Management. In his view, the Conservatives “did not see [public management reform] as centrally connected to the dilemmas they faced. Nor did they see any votes in advancing good management. For them management reform was essentially an internal bureaucratic preoccupation that could be tolerated so long as it did not detract from their political agenda.”³³ Overall, the meager success of administrative reforms under the Mulroney government illustrates once more the complex and difficult relationship between political and bureaucratic leadership in achieving significant changes in public administration. Although the Neilsen Task Force failed in good part because it attempted to reform the Public Service from the outside, the IMAA and PS2000 had limited impact because they met with considerable political indifference and were implemented during a time when politics favored deficit reduction over bureaucratic renewal.

5 The Chrétien Years (1993–2003) and the 1995 Program Review Exercise

Although it can be argued that the Conservatives lost all hope of transformative administrative reform because of their focus on deficit reduction, they still left the government of Canada in a dire fiscal state by the time the Liberal government of Jean Chrétien replaced them in 1993. An increasingly critical international financial press and the turbulence of international financial markets in 1994 created a sense of urgency for a drastic turnaround in fiscal policy, and as a result, the control of expenditures once again became the dominant issue in debates about administrative reform. More particular, these events produced a “psychological breakthrough”³⁴ and a sense of urgent necessity that allowed the Chrétien government to push through a new initiative, simply dubbed the Program Review Exercise. With respect to administrative reforms, this initiative defined the Chrétien decade.

Undertaken between 1994 and 1996, the Program Review led to a major restructuring of the Canadian Public Service. Over a three-year period, the cutbacks

proposed by the Liberal government amounted to \$29 billion out of annual program spending of about \$120 billion. Although a portion of these cuts was realized through a reduction of federal transfers to provincial governments, the cuts still had a significant impact on the programs and operations of the federal Public Service. For example, federal expenditures in the fields of transportation and assistance to industrial development were cut by 50 percent. Expenditures related to environmental protection were reduced by 30 percent. These significant cutbacks translated into a massive reduction in the number of employees. Roughly 45,000 positions were eliminated—a stunning reduction of 25 percent in the employment of the federal Public Service. As an exercise in administrative reform, the Program Review was concerned more about reducing costs than about embracing any specific managerial philosophy.³⁵

Like the Neilsen Task Force's effort, the Program Review's approach was essentially to review a vast array of programs to identify opportunities for reductions. More driven by results than ideology, and more inductive than top down, the initiative can hardly be ascribed to an attempt to reinvent the Public Service on the basis of a clear design or compelling philosophy of public management. However, unlike the Neilsen Task Force, the Chrétien government did not rely on private sector outsiders to guide the review. On the contrary, whereas Neilsen was avowedly hostile to the Public Service, Marcel Massé, the minister for Public Service Renewal in charge of leading the Program Review, was a former senior bureaucrat and head of the Public Service who had recently left the bureaucracy to enter politics. More important, although the Department of Finance and the Treasury Board Secretariat set expenditure reduction targets for each department, senior departmental managers were asked to design reform plans to deliver those reductions in their respective departments.

The Program Review aspired to be a strategic exercise in the redesign of government as opposed to a more traditional across-the-board exercise in budget cuts. To this effect, bureaucrats were given a set of key questions to guide their work. For example, each program was to be reviewed to determine whether the "public interest" required that they be maintained and, if so, whether they could not be offered as effectively by the private sector or by another level of government.³⁶ It is doubtful that these ambitions for a strategic rethinking of government were actually met. As Paul Thomas points out, several departments seemed to rely on the questionable presumption that the buzzwords and assumptions of the New Public Management provided ready-made answers to more fundamental questions of political choices and governance.³⁷ Gilles Paquet similarly argues that, in several instances, the imperative of expenditure reductions clearly replaced any serious reflection on the appropriate role of government or on the relationship between the federal and provincial governments.³⁸ As a consequence, it would be hard to argue that the Program Review actually resulted in a fundamental rethinking of Canadian governance.

Nevertheless, by letting senior bureaucrats propose program changes within the context of broad cabinet directives, the Program Review Exercise allowed the Public Service to come forward with internally designed reforms that were tailored to the realities of individual programs and departments.³⁹ In this case, the initiative successfully aligned strong political support for achieving fundamental changes with the necessary bureaucratic expertise to implement significant organizational transformations. As a result, instead of applying similar reductions across departmental programs or categories of expenditures, as is perhaps the most frequently used approach to cutback management, several departments brought forward innovative proposals to fundamentally redesign their portfolios and adopt new ways of serving the public interest.

An instructive example on this score is the major transformation at the Department of Transport as a result of the Program Review. The department went from the equivalent of 19,881 full-time employees in 1993 to just 4,258 in 1999, and its budget went from \$3.9 billion to less than \$1.6 billion over the same period.⁴⁰ Such massive changes in staffing and financial resources reflected a fundamental change in its role from an operational agency to an agency that focused on regulation and contractual oversight. Numerous installations were turned over to private entities, several port authorities were transferred to local authorities, and the entire national air navigation system was commercialized. Herman Bakvis has shown that senior departmental executives had been working on such ideas for years and seized up the Program Review Exercise to push forward changes that had previously lacked the necessary political support.⁴¹

In this case, the vital importance of political leadership and resolve in achieving large-scale reforms was heightened by the sheer magnitude of the changes, and there is no doubt that the growing perception that Canada was on the brink of a major financial crisis helped in securing the required political determination. In any case, the Chrétien government, and the prime minister himself, displayed unwavering support for the reforms. Eddie Goldenberg, a senior policy adviser to the prime minister at the time, illustrates this commitment in his recent book about the years of the Chrétien government. Goldenberg recalled a retreat of the Canadian cabinet held shortly before the 1995 budget was finalized. At the retreat, to foil ministerial and departmental resistance to the cuts, Chrétien made it clear that his minister of finance had his full support in setting the country on a course for balanced budgets. He told ministers, Goldenberg recalls, that “the decisions had been made, and that if any of them continued to complain about the cuts to their departments, he would cut that department by an additional 25 per cent. He would brook no criticism of, or deviation from, a policy of rigorous fiscal discipline.”⁴²

The Program Review Exercise was not the only significant reform initiative undertaken by the Chrétien government during its decade in power. Among other changes, the government tried to implement a business planning approach to Canadian public administration, modified the accountability framework to emphasize results-based management, and made some significant changes to human resources

administration.^{43, 44} However, the Program Review clearly remains the most important initiative of this period of administrative reforms, in good part because of the unusual size of the changes that it brought about to the Canadian Public Service.

6 Conclusion

Our examination of Canada's postwar administrative history illustrates the importance that the interplay between parliamentary politics and public management can have in achieving significant large-scale administrative reforms. As Canada timidly embraced the tenets of managerialism and the New Public Management, its reform efforts have sometimes been hindered by an insufficient consideration of the realities of administering the state in a parliamentary political system. Moreover, the difficulties of aligning political will and leadership with bureaucratic commitment, interests, and expertise in pursuing meaningful changes have often constituted significant obstacles to success. The Canadian experience, in sum, underscores the importance of considering administrative reforms as thoroughly political exercises. They are initiatives that can ill afford to ignore the political framework within which public administration occurs. Such large-scale initiatives are also major political efforts, and thus the dominant political actors must be engaged, in both government and the senior bureaucracy. Political support may be a "necessary, but not sufficient" condition for successful reform, and the senior Public Service must have substantial control over the reform process for reform efforts to be effective. Put simply, a synergy of political and bureaucratic leadership is required for significant and lasting change to occur.

It is possible that the importance of political and bureaucratic leadership is greater in Canada than in most other countries. Over the past few decades, the power of the executive, particularly the prime minister, has increased within the Canadian polity.⁴⁵ In this context, unequivocal support from the prime minister for administrative reforms may have become especially important, as illustrated by Chrétien's Program Review. In addition, the senior bureaucracy may constitute more of an independent political actor, because professional administrators are quite powerful within the Canadian system, and the depth of political appointments into the bureaucratic structure is quite low compared to other countries, such as the United States.

As we finish this chapter, Canada may be undergoing a new era of significant administrative reform, and, again, the political context is particularly important. A series of political and individual scandals in the late 1990s and the 2000s has done serious damage to public opinion about government, and the rhetoric of reform has largely focused on the need to restore public trust in government and to increase accountability. Much of Prime Minister Paul Martin's tenure from late 2003 to early 2006 was focused on Liberal Party scandals leading back to the Chrétien years, and these contributed to the return to power of the Conservative Party in

February 2006. Despite a minority status in Parliament, Prime Minister Stephen Harper introduced new reform measures dealing with ethics and accountability. His Federal Accountability Act received Royal Assent on December 12, 2006.⁴⁶ Although much of this omnibus bill deals with political issues, including political ethics, campaign finance, and lobbying, some of it brings us back to traditional administrative reform territory. For example, legislative changes were adopted that designate deputy ministers as accounting officers and require them to account more directly to Parliament for their administrative performance. This idea was first proposed in the 1970s.⁴⁷ Only time will tell what impact these measures will ultimately have on the Canadian Public Service.

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Chapter 12

Civil Service Reform: Challenges and Future Prospects for Mexican Democracy

David Arellano-Gault

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1 Introduction

Mexico is currently experiencing a very intense and exciting political transition. The Institutional Revolutionary Party (PRI) was the single dominating party in power for more than 70 years, but in December 2000 Vicente Fox Quesada of the

rightist National Action Party (PAN) won the presidency and facilitated a surprisingly peaceful and civilized transition. Six years later, however, the 2006 presidential race was very contentious. In a very close election, Felipe Calderón, of the conservative PAN, was declared the winner. The runner-up, Andrés Manuel López Obrador, from the left-of-center Coalition for the Good of All (PRD), immediately challenged the election results and led and threatened to continue massive marches, protests, and acts of civil resistance to highlight alleged governmental fraud. These recent political transitions represent many possibilities, not the least of which is the new and real possibility for deep transformation of political–administrative relationships within Mexico’s government and between Mexico’s government and Mexican society. Thus, although political transformation in Mexico is underway, so is reform of its public administration.

2 Governance in Mexico

Mexicans are proud of their traditional values and their dual Indian and Spaniard heritages. Legacies of these traditions have, however, often endorsed and justified governmental interference and authoritarian structures that influence almost every expression of social life, from childhood education and regulations that affect property rights to individual decisions regarding family and health care.

Mexico’s current political system is based on the legacy of a dominant party that held the presidency from 1929 to 2000.¹ And because the separation of powers within a three-branch political system hardly worked in practice, governance in Mexico has traditionally operated under an authoritarian presidential regime. For example, the executive branch of Mexico’s government has traditionally enjoyed such extensive formal and informal powers that both the legislature and the judiciary were usually subordinated to presidential decisions.

Between 1929 and 2000, governance in Mexico was controlled by a hegemonic party, the PRI, which dominated the presidency, congresses, most of the state’s governors, and a number of fragmented and weak opposition parties. Electoral processes existed but were not crucial to defining political representation or to distributing power among political groups, because the government–party relationship controlled all organized sectors of society. All Mexicans—peasants, workers, members of the middle class, teachers, and bureaucrats—were included in the central party structure. These groups and, in particular, their leaders were seeking something they needed or wanted—a job, political leverage, or economic advantages. Because government and party were the same, the PRI was able to fulfill most of these expectations in return for political support.

Under the hegemonic system of the PRI, establishing a political career was synonymous with establishing an administrative career. Thus, the relationship between senior administrative officials and politicians was not clearly delineated. To be more specific, the administrative arena at the federal level was very often the

real arena where political groups competed for the presidency. Moreover, because executive power determined the nature of Mexico's political system at almost every governmental level and because meaningful political opposition only recently came into existence, the unchallenged power of the presidency as an institution has significantly affected the administrative structure of Mexican governance.

Without actual political opposition, presidential control over federal administration was practically absolute.² Such largess in political power allowed the president to freely appoint, or at least significantly influence the appointment of, the most powerful administrative officials and political ministers throughout the country. Presidential powers were so extensive under PRI control that the president significantly influenced the elections of governors, deputies, senators, and judges and freely used national resources to operate and control a political system of reward and punishment. As a consequence, the administrative structure of Mexico's governance system not only served as a primary base for political action but also became the main channel through which conflicts among social sectors were managed.

In general terms, Mexico's federal bureaucracy has been highly attached to the political system by being subordinated to presidential political will. Given the potential for a wholesale change in governance every six years, public sector employment in Mexico has been very uncertain.³ Over time, however, a strong set of complex regulations has ensured a level of administrative continuity, but has unfortunately also resulted in an overregulated public administration. This complex legal framework allows for significant possession and exercise of bureaucratic power, due in part to the uncertainty suffered by citizens when dealing with the regulatory complexities that typify Mexican public administration. The power of bureaucrats also stems, however, from a lack of clear and meaningful mechanisms to make public officials accountable to their citizens.⁴ Given the strict control of politicians' power over administrative resources and given the almost omnipresent capacity of government to influence individuals' rights and obligations, citizens have had very little formal capacity to control—or even influence—the ways and means of Mexico's government bureaucracies.

Paradoxically, public bureaucracies have often served as the most important means through which citizens' collective voices have been heard by the political establishment. Because the corporatist structure of the dominant PRI has allowed factions within Mexican society to demand satisfaction of their needs through various subgroups within the party, public bureaucracies have been forced to develop relationships with a wide range of social groups to respond to their respective political bosses' objectives. Therefore, by providing an effective channel to communicate with political groups, public bureaucracies have, in effect, afforded representation for Mexico's citizenry.

Today Mexico may be best described as a traditional society with a complex system of governance. That system is patrimonialist at its base insofar as public officials often use state resources to secure the loyalty of citizens. It is clientelistic in its form to the extent that rich and powerful officials frequently promise a wide range

of benefits to relatively powerless and poor citizens, or clients, in exchange for votes. And because citizens are subject to state authority in many aspects of their lives, including those that may be viewed as matters of personal choice under various other political systems, Mexico's system of governance is authoritarian at its core.

Adding further complexity to Mexico's governance system is the fact that traditional social values and norms are in an ongoing struggle with their modern counterparts and are, therefore, in a constant state of adaptation. These traditional values and norms endorse collective necessities more than individual satisfaction; value familial, political, and economical network influence over work performance; rely on informal agreements more than contractual rules and objectives; simulate official behaviors rather than engage in direct and honest conduct; and trust strong personal leadership more than impersonal legal leadership. Efforts to transition Mexico toward becoming a modern society thus require more than simply introducing democratic elections, entrepreneurial government innovations, or freedom of information acts. Understanding Mexico's fundamental cultural and political values and norms is crucial to comprehending this nation's way of organizing its government and the complexities inherent to administrative reform.

3 The Struggle to Redistribute Power

It is important to understand the historic cultural values endorsed by Mexican society to improve the possibility of success for modernization in governance. Current cultural and political structures not only are expressions of a traditional or premodern society but also represent specific cultural ways to define social relations and to resolve historic problems in particular settings.⁵ These traditional, historic, and cultural mechanisms are embedded in social ways of understanding organization and power, thus allowing individuals to interpret and comprehend their realities. Even a more democratic Mexico will rely, for a while at least, on a concept of order based on leadership and control through a central power able to manage diverse local realities. In this logic, viewing the use of groups and networks, informal agreements, and continuous negotiation as important instruments to deal with conflict—rather than reliance on the strict application of rules—seems illustrative of the ways in which Mexicans will be best able to deal with reforms aimed at modernization. Any modernization effort should take into consideration these variables and the particular cultural mechanisms that trigger specific behaviors within specific societies and their governing institutions.

During the past 25 years, Mexico's government has been moving toward slow and incremental change. For example, in the early 1980s, the PRI began a complex transition to dismantle the paternalistic and omnipresent control of government in Mexican society. Believing that a society in which the market is expected to resolve social problems may also rely on the market to serve as the force that drives reform in the role of the state, reformers sought to modernize Mexico by

technically removing several governmental responsibilities concerning social equality and development. Thus, new economic approaches that rely on the state to create the conditions required for an efficient market system and to establish a state that helps to reduce the negative impacts of this system on the living conditions of people excluded from engaging in these economic experiments are two of the fundamental philosophies that have driven the modernization process in Mexico for more than two decades.⁶ The result is a country with extreme differences between those relative few who are able to enjoy new modern advantages and a large majority left out of that circle of modernization. Polarized positions are a natural consequence of such disparate social and economic conditions.

Current levels of resistance being observed in the implementation of Mexico's modern governance structures should not be viewed merely as the resistance of powerful groups struggling to keep their privileges. Elitism provides one important reason for resisting reform, but there are additional compelling reasons for such resistance. First, one must consider the cultural value placed on the importance of networking, a hallmark of the traditional relationship-based governance system. Second is the traditional value of prioritizing order over efficiency. To the extent change is inherently messy, maintaining the historical status quo would certainly preserve order. Third, it is much easier to retain the priority placed on keeping local groups under control in a single dominant party system than to risk uncontrolled social upheaval. And finally, current resistance to reform may be viewed as a backlash against perceived imposition of modern values from the outside, although consensus in traditional and plural societies such as Mexico is predicated on governing rules legitimized through their congruence with social values.

Today's reformers are seeking to open Mexican society and its public organizations to develop more equitable and transparent relations between those who govern and those who are governed. Reform efforts to this point, however, have relied on the assumption that organizational and social actors are rational beings who simply require "right" and "correct" incentives to modify their thinking and political will. To the extent this assumption fails to consider the complex and deeply embedded cultural values and the ways historical organizational arrangements reflect these traditional norms, this assumption is flawed. In fact, pursuing such a flawed strategy is generating an apparent—not a real—solution to address the problems of governance and is in addition creating a new conflict.

Current reforms in Mexico are in fact beginning to suffer the effects of being captured by closed technocratic authoritarian groups as a result of political reformers focusing on developing the technical aspects of reform but paying insufficient attention to adequately building the social capacity required to support the modern technical infrastructure. For example, areas that need but lack significant development include establishing the means to objectively enforce the rule of law, strengthening political and administrative accountability systems, providing institutional surveillance over government bureaucracy, strengthening governmental checks and balances, democratizing public policy, and developing an accountability culture in

government, public sector unions, and nongovernmental organizations (NGOs). In other words, the implementation of a true compromise to redistribute power among society and groups that will wrest the concentration of privileges and resources from the hands of politically advantaged elites has yet to be realized in Mexico. Without developing the required social capacity as a major function of governance reform, patrimonial mechanisms of control, resistance to authority, and behavioral simulation manifested in the duality between formal and actual behaviors will endure.

Strengthening the rule of law is a necessary aspect of reform if Mexico is to become a successful democracy capable of attending the most urgent needs of its society. And although government may enforce the rule of law, meaningful laws reflect the manifestation of social values. Strengthening the capability of Mexico's Congress, NGOs, and media by promoting and enhancing transparency of information will go a long way toward promoting accountability within, and social surveillance of, these organizations. Indeed, demands to make government more transparent and accountable are already yielding results insofar as several important legal initiatives are currently being discussed in this regard. It is unclear, however, if public sector unions (one of the most important social organizations linked to government and politics through corporatist structures), political parties (who are extremely resistant to social surveillance), NGOs, universities, and the media are willing to take the steps required to transform themselves into open and accountable organizations. Obeying the law, accepting arbitration of the law and judicial power, being evaluated by results, and having institutional resources controlled have not been historic hallmarks of those organizations resisting reform, as they have typically preferred employing strategies such as pressure tactics to obtain their objectives. Thus, continued pressure and meaningful actions are needed to keep Mexico's government focused on the reform purposes of increasing governmental transparency and accountability.

Organizational and national cultures cannot be seen merely as instruments that can be manipulated, changed at will, or transformed through the exclusive use of technical devices. True reform in Mexico must also effect changes in individual and collective beliefs and attitudes stemming from historical social mechanisms that shape and inform particular ways of understanding. In a traditional and pluralistic society such as Mexico, developing social consensus is critical to the success of reforming the governance system. But it is also important that this consensus is rooted in a respect for authority, a strong rule of law culture, and pathways to reduce behavioral simulation in social relations. The role of the state is not only to modernize the country but also to create the conditions for developing consensus on and legitimization of the new rules. Consensus and legitimization are possible by understanding and tolerating different societal positions and perspectives (even if they are based on traditional values) and by ensuring equal opportunities for groups in various social conditions. Such opportunities should exist not as clientelistic payments but as responsibilities endorsed politically and legally by the state and by society.

Efficiency is another important consideration when addressing of the role of the state in a context of scarce resources. *Real* efficiency in a democratic government, however, implies the existence of equal opportunity, adherence to the rule of law, tolerance for differing positions and views, transparent negotiation among social groups, and consensus founded on sound legal and technical grounds. Therefore, it appears that existing social structures and the current distribution of power in Mexico's government apparatus should be changed to facilitate establishing a more democratic governance structure and to develop the capacities required for an efficient state and a more equitable society.

The preceding discussions provide a framework to help explain the nature of and possibilities for successful efforts to modernize Mexico's system of governance today. One of the most important and ambitious modernizing strategies—one that intends to affect the very nature of the relationship between Mexico's political and administrative apparatus—is the design and implementation of civil service reform. This topic is examined in the following section.

4 Toward Transforming Mexico's Civil Service

Civil service reform in Mexico involves much more than developing and implementing a new system for classifying and managing human resources in government administration. Indeed, in Mexico civil service reform also involves protecting the administrative apparatus from excessive political influence and moving toward development of a stable and accountable public administration. Reflecting on earlier discussions, it becomes clear that the Mexican version of civil service reform also requires radical transformation of the relationship between political parties and public administration and, of course, between politicians, bureaucrats, and the society they serve. Reforming Mexico's civil service system will undoubtedly require a long-term effort that will be critical to the future development of the Mexican political system. Efforts initiated in 2003 to reform Mexico's civil service system are, however, currently facing critical problems of design and implementation. The lessons learned to this point in time will surely inform future efforts toward administrative reform.

Prior to 2003, Mexico had established several career service systems for certain occupations within some national government agencies in efforts to depoliticize public administration (e.g., the Ministry of Foreign Relations in 1922; the National Institute of Statistics, Geography, and Informatics in 1994; the National Water Commission in 1995; teachers within the Ministry of Education in 1992; the Internal Revenue Systems in 2000; and the Federal Electoral Institute in 1992 and reformed in 1999). Nonetheless, the lack of a comprehensive system-wide effort to reform the civil service system resulted in limited administrative change.⁷ In April 2003, however, the Mexican national legislature approved a Professional Career Service Law (*Ley de Servicio Profesional de Carrera* [LSPC]) that provided

for the development and implementation of a career civil service system within the national ministries directed by the Office of the President.⁸ Given Mexico's authoritarian political culture and the relative scarcity of merit systems in the national government, the LSPC represents a significant and ambitious seed change in Mexican governance.

The LSPC required that within two years each ministry be able to establish an advisory committee to develop and administer its own professional career service (SPC), with the entire process being coordinated by a civil service agency within the Ministry of Public Function (*Secretaría de la Función Pública* [SFP]).⁹ The LSPC implementation process was developed quickly given that creation of the SPC would affect only approximately 40,000 mid-level federal managers and professionals, or less than 1 percent of the more than 4 million federal public employees. And because including a larger part of the administrative apparatus would surely affect the interests of the powerful corporatist unions created throughout the PRI years, implementation of the LSPC has been met with resistance from several powerful appointed officials, some administrative managers, and many union leaders. Such resistance reflects the underlying political, social, and cultural conditions that will likely continue to make implementation of such reforms slow, uneven, and problematic.¹⁰ Eight of the most pressing challenges and dilemmas for civil service reform in Mexico are briefly examined in the following discussions.

First, there is a need to change the political culture of absolutist political control and administrative formalism while still allowing political leadership and centralized policy direction to function effectively. And although this cultural change requires strong political support from the president and his ministers, appointed officials who view the LSPC as a potential threat to their existing power are responding in ways that serve to retain that power.

Second, there is a need to develop a professional public administrative culture that differentiates between political appointees and senior administrators in civil service. The culture and practice of absolute political control has historically made it difficult to hold individuals accountable insofar as important parts of the bureaucracy have been attached to certain groups (*camarillas*). Under this system, a long and successful administrative career could be achieved, not primarily as a result of performance but rather as a result of mobility of the group with which one is affiliated and its political success. The result has been a heavily politicized bureaucracy within which political appointees and professional administrators have been almost indistinguishable and could not be held individually accountable.¹¹ With civil service reform, some political appointees will surely seek to develop changes that appear to establish a meritocratic civil service but in reality will leave intact the traditional hierarchical culture of personal and legal authority. Under such veiled attempts at civil service reform, appointed secretaries of given ministries and their respective leadership teams will continue to hold and wield all the power they used to enjoy prior to the 2003 LSPC.

The third reform challenge is how to make the LSPC system legitimate, strong, and effective but still responsive to the needs for managerial flexibility and political oversight. This requires careful balancing of the political and administrative perspectives and recognition that each perspective if carried to extremes will subvert the intent of the system. The danger, of course, is that political resistance will lead to weak or poorly resourced ministerial committees and thus to limited implementation. Reformers who force the process will surely face resistance, but if reformers of the civil service system allow weak ministerial committees to exist, the reform process may become nothing more than a charade cloaked in administrative formalism.

Fourth, strong oversight of implementation of an apolitical civil service is crucial if Mexico is to adequately address civil service reform. Per Article 70 of the LSPC, the Civil Service Advisory Committee is the agency tasked with this oversight responsibility. This advisory committee is composed of political and administrative appointees: nine from the SFP; one from the technical committees of each of the other ministries (about 15); three from the Ministries of Labor, Treasury, and the Interior; and one from academic, private, and social sectors. Thus, only three of approximately 30 committee members are not direct representatives of a particular ministry or its political leadership. Without the opportunity for open participation from various social groups and individual citizens with a more generalized interest in a professional public service, it is likely that the Civil Service Advisory Committee will be captured by more particular agency interests, thus weakening its autonomy and ability to exercise independent oversight of the system.

Fifth, the creation in law of a class of professional public managers by no means guarantees that they will develop the values or behaviors appropriate to effective and transparent public administration. In Mexico, as in other countries, administrative processes that appear rational and transparent may actually mask an authoritarian political culture, and they frequently do. Although passage of the LSPC and creation of an oversight committee are necessary steps in the process of reform, they do not by themselves guarantee managerial flexibility or professionalism.¹² An oversight committee focused on values of political neutrality and ministerial accountability for performance might succeed in implementing a limited civil service system that meets legal requirements. However, building a system that objectively evaluates individual performance requires time and the political will to adjust administrative structures, allow people to gain confidence in the application of the rules, acclimate to the difficulties of measuring performance in hundreds of administrative positions, and develop the skills needed to manage a decentralized system that includes various specialized entities such as ministries, offices, and agencies. Simply promoting managerial discourse around these concepts or issues does not ensure that public administrators will learn or practice the complex behaviors required for the system to operate effectively. Separating evaluations of employee performance from evaluations of employees as human beings is a difficult change. But Mexico's business culture has embraced the practice of employing objective performance evaluations,

and this practice may eventually become more widely practiced in the public sector as ongoing efforts to establish an apolitical professional culture become more widespread in public administration.

Sixth, civil service reformers must confront the reality of corruption as part of Mexico's political culture. The SFP—also the lead agency charged with fighting corruption—is not noted for its success in this area. Instead, the SFP is noted for its tendency toward hierarchical decision making based on rigid compliance with rules and procedures. Whether this culture can nurture the managerial flexibility and calculated risk taking required to implement a performance-based personnel system remains to be seen.

Seventh, implementation of the LSPC highlights the power struggle between the executive and legislative branches in Mexican national politics. Although legislative oversight is critical to effective policy implementation, Congress has been the main advocate for voices from different parties who would prefer to have current regulations weakened to allow for larger numbers of appointed officials. The Mexican version of a spoils system thus remains attractive to a variety of political actors, and this attraction is not limited only to those currently in the executive branch of government. In light of the temptation from these political actors to extend the spoils system, the new Calderón administration (2006–2012) finds itself in the challenging position of being responsible for strengthening and institutionalizing Mexico's civil service.

Eighth, as previously noted, the LSPC applies to only about 40,000 mid-level federal managers and professionals out of more than 4 million federal public employees. Approximately 1 million of these federal employees are teachers with their own politically powerful union and relatively inflexible labor rules, and about 600,000 are employed nurses and other medical professionals. Others, known as *de base* workers, are protected by membership in a politically powerful federation of unions known as the Federation of State Workers Unions (FSTSE). Under Mexican law, the FSTSE is their only legitimate contractual representative and agent. Therefore, creating a single civil service system for all federal employees will require changes in at least two federal laws. For example, the Federal Law for State Workers would require changes to permit merit-based evaluations, whereas the Federal Work Law would have to be changed to recognize productivity as a legitimate basis for employee performance evaluations. The former change is unlikely to occur given the FSTSE's opposition. And although changing the Federal Work Law appears possible, it is not yet clear if the current political situation will allow a proposal that accommodates either or both of these reforms to be put before Congress in the near future.

5 Conclusion

Despite limited results to date, there are clear signs of progress toward administrative reform in Mexico. As discussed herein, forward movement toward reform in

governance is evidenced by the passage of and limited attempts to implement an ambitious law designed to professionalize civil service and to facilitate flexible and decentralized administrative control under a centralized oversight agency. Toward these ends, clear action items and implementation deadlines have been articulated, and a dedicated implementation team exists with a vision that extends beyond the routine copying of best practices from the private sector or other nations. Nevertheless, challenges to reforming governance in Mexico remain significant. Support from civil servants and society as a whole is crucial if an administrative career system characterized by professional competence, flexibility, and adaptability is to be successfully established and maintained. Because of the extent of resistance by powerful and entrenched interests, the forces designed to overcome such resistance must be equally powerful and very determined. And although most Mexicans may agree that civil service reform is crucial to transforming Mexico into a more accountable and legitimate democracy, few have a clear conception of the road ahead or the dangers to be faced.

Facilitating change away from an authoritarian political system and a politically captured public administration requires more than meaningful discourse concerning the compromises required to build a democratic government. Indeed, such dramatic reform requires a clear response to the question of what kind of democracy that particular society desires so that its traditions and ways and means of governance make sense to its people. Mexico is currently in the throes of grappling with this fundamental and essential question, and its response will surely determine the nature of political-administrative and bureaucracy-society relationships in the future.

Clearly defining the nature of political-administrative and bureaucracy-society relationships requires much more than simply importing general commonsense ideals such as providing good government or creating a government that costs less. Although such generalities are filled with interesting and hopeful good wishes, they provide little guidance when attempting to address practical dilemmas in a nation where cultural and political traditions differ significantly from those of the nations promulgating these ideals.¹³ As articulated in this chapter, in the case of Mexico we are dealing with the transformation of a public bureaucracy that is historically attached to an entrenched clientelistic framework, is used to being an important actor in the political arena, is accustomed to receiving direct instructions, and relies heavily on a complex network of regulations to provide primary guidance for its actions.

Does Mexico desire a formally apolitical administrative bureaucracy? What kind of relationship between public administration and society does Mexico want? How does Mexico want to address and control the influence of interest groups in a reformed system of governance? How does Mexico want to manage performance in the governmental bureaucracy? Does Mexico truly want to reform and develop public administration in ways that allow for some degree of managerial discretion? These remain important but as yet unanswered questions.

Mexican society is about to realize that if strong governmental bureaucracies are desired, it will be necessary to decide how to avoid administrative capture by powerful interests. On a similar note, if strong bureaucracies are to adequately deal with difficult and pressing social problems such as poverty and inequality, public administrators must be granted some managerial discretion to effectively implement public policies. Therefore, not only must Mexico develop professional and apolitical administrators to effect meaningful reform but reformers must also understand exactly what administrative reform requires in political terms. For example, significantly lessening the extent of congressional intervention in bureaucratic control and direction requires redefining the responsibilities of each involved group of actors—Congress, the executive branch, the media, and society—to successfully manage, and ultimately be responsible for, public perceptions and actions. As a society, Mexico cannot simply assume that intelligent discourse regarding good government, meritocratic mechanisms for civil service selection, or the extended use of performance evaluations will by themselves reform the nature of government administration. In fact, political transformation is an essential ingredient in meaningful administrative reform in Mexico.

Mexican society is, in fact, currently facing a political redefinition of public administration. A strong bureaucracy capable of effectively implementing political decisions relies on a complex equilibrium among three factors: (1) extensive introduction and smart control of a culture of transparency, (2) constant surveillance in establishing the new rules of the game regarding the relationship between public administration and influential social groups inside and outside of government, and (3) the rules and institutions required to allow administrative discretion to facilitate successful adaptation to changing circumstances. Although civil service is one important piece of Mexican reform, further advances concerning transforming the nature of Mexico's political culture are required before administrative reforms to create a responsible, open, and professional governmental bureaucracy may be realized.

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CONCLUDING THOUGHTS

V

Chapter 13

An International Perspective on Administrative Reform

Jerri Killian

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1 Introduction

Good governance. Two words comprising an overly used phrase that, despite its many definitions and applications, captures the ultimate aim of administrative reform. Although the nine countries addressed in this book vary widely in terms of historic evolution, governmental form, socioeconomic status, geographic location, and cultural norms, the search for good governance is common among them. Reflection on the information provided in this volume suggests that a system of good governance facilitates democratic representation and includes the structures and processes required to demonstrate the attributes of accountability, transparency, responsiveness, effectiveness, efficiency, inclusivity, fairness, accessibility, participation, and the ability to follow the rule of law. Ultimately, good governance results in favorable public perceptions that legitimate the relevant institutions. Reform of public administration to better demonstrate these characteristics is, therefore, an integral part of good governance. It is also a challenging—and worthy—objective.

The authors of each of the preceding 12 chapters have expressed what they consider the most significant national, supranational, and institutional developments in recent efforts to reform public administration. This concluding chapter will briefly synthesize and summarize these developments to identify international patterns and trends. Unanswered questions are posed, and suggestions for future research and practice are offered. Consistent with the descriptive nature of this volume, predictions concerning the future state of public administration and future directions for administrative reform are intentionally left to the claims of others.

2 Drivers of Administrative Reform

As we near the end of the first decade of the 21st century, every nation on earth has felt the effects of globalization. Of course, these effects have not been equally felt, and they are not all positive. Nonetheless, because globalization facilitates the diffusion of new ideas and ideologies, and because similar patterns and trends in administrative reform can be observed across nations as diverse as the sample contained in this book, globalization indeed influences the nature of administrative reform on an international basis. National desires to be perceived in a favorable light for international investment and trade in the global marketplace provide yet another example of the global influence on reform. International and supranational institutions and regulatory agencies (i.e., the United Nations, European Union, World Trade Organization, World Bank, International Monetary Fund, to name a few) serve as additional external influences, as recipients of the benefits bestowed by these organizations must meet specific criteria and are expected to comply with specific legal, regulatory, and procedural requirements in exchange for those benefits. Indeed, with particular emphasis placed on the role of the European Union, it has

been argued that the influence of supranational organizations is probably greater now than at any previous time in history.^{1,2}

However, while these external pressures for reform are significant, it appears the major drivers for change are generated internally. That is, the primary impetus for change seems, in the majority of country-specific cases provided here, to have manifested in response to domestic economic crisis. National desires to modernize administrative capacity to better manage the problems associated with changing social values and demands; conflicts among key social groups; increasing industrialization; growing urbanization; circulation of social and economic elites; changing political ideologies, regimes, and party systems; or a combination of these factors serve as additional internal influences on administrative change. These internal and external pressures for reform reflect the complexities inherent to governance and to reforming public administration in these very dynamic times.

3 International Trends in Administrative Reform

Although there is no evidence to suggest that fundamental and comprehensive administrative reform has been achieved by any of the sample nations in this volume, the reform experiences of the diverse countries addressed herein nonetheless reflect many common elements. These commonalities are identified and discussed in the following sections within the conceptual categories of structure, marketization, civil society, technology, civil service, public service ethos, and culture.

3.1 Structure

With regard to structural aspects of reform, decentralization is key. To be effective, however, decentralized changes in structure must be accompanied by corresponding changes in authority. The country-specific cases presented in this volume reflect the difficulties associated with decentralizing authority from politicians to administrators, from a national center to subnational levels of government, across departments and agencies within national governments, and from government to a variety of nongovernmental actors. While there is evidence that the combination of decentralized structure and authority has produced reform innovations—particularly at the local level—with regard to specific reform strategies in some countries, the majority of evidence suggests the two do not always go hand in hand.

On a larger scale, structural change is evidenced by the evolving relationships between national governments and international and supranational organizations. In these cases, the external institutions impose regulations and laws on the national governments that, in effect, delegate authority upward to these institutions. Although it may be counterintuitive to perceive upward delegation in the context of decentralization, viewing the national government as the unit of analysis helps

to clarify this point, as authority is decentralized away from the national government only in cases where such authority is actually granted to the international and supranational institutions through compliance. Evidence provided herein suggests, however, that the combination of strong desires to protect and preserve national sovereignty and identity and the limited institutional capacity to enforce sanctions severely restrict the extent to which authority is granted to these external organizations. And when organizational structures and authority are decentralized, additional means for coordinating the plans, decisions, and actions of involved actors to promote governmental coherence are essential. Evidence suggests, however, that horizontal and vertical coordination and coherence in government remain problematic aspects of administrative reform.

3.2 *Marketization*

There is no doubt that since the 1980s, market-oriented philosophies, approaches, tools, and techniques have been a major focus of administrative reform around the world. Privatization, contracting out, corporatization, public–private partnerships, and a focus on managerialism appear to be the most oft-cited strategies employed under the rubric of new public management. In a broader context, entrepreneurship, international investment, and economic development through market-oriented means and changed tax structures are also noted as commonly applied reform strategies. Evidence suggests that while these strategies to marketize public service may hold promise, they are not a panacea. Unintended consequences such as clientelism, localized inequalities, and unethical administrative behaviors are noted to have resulted from some of the market-oriented experiments cited in this text. In addition, simultaneously increasing efficiency, reducing costs, accommodating public choice, and managing external competition in the delivery of public services is a very difficult and challenging task that requires administrative skills and managerial discretion not typically found in the traditionally monopolistic environment of public service. Moreover, incentives in the entrepreneurial environment of marketization must be designed in ways that protect and promote the common good. According to the evidence provided in the preceding chapters, employee and organizational development to manifest the needed skills, empower public administrators with ethical discretion in their use, and objectively manage performance against results requires further attention to realize the full potential of this approach to reform.

3.3 *Civil Society*

In addition to private enterprise, nonprofit and voluntary organizations have played an increasingly important role in the production and provision of public goods and services since the 1980s, when governments around the world went seeking alternative methods to address fiscal constraints. At the local level, nonprofit, professional,

and community-based organizations produce, coproduce, and/or deliver public goods and services for citizens. On the international scale, nongovernmental organizations (NGOs) are increasingly responsible for delivering the programs and services offered by international and supranational institutions. The role of civil society thus continues to gain in both relevance and significance to administrative reform. Important questions are raised, however, concerning both the will and the skill of states transitioning away from authoritarian control to sustain long-term reform toward good governance as the availability of funding for services provided by NGOs decreases over the duration of the transition. Equally important concerns are focused on the rising influence of newly powerful and radical groups that demonstrate significantly diminished commitment to the democratic values of social inclusiveness, equity, and equality.

By its very nature, civil society operates through fluid networks of social and economic actors who share a common interest. The nature of the relationships among and appropriate roles for actors engaged in and with a given network influences significantly the extent to which the group is able to achieve and sustain functional success. Excellent examples are provided in this text of successful action by civil society actors engaged as partners with government to effect positive change. In contrast, the call to change the nature of the government–civil society relationship from principal–agent to partners and allies suggests much work remains to be done in this area of administrative reform.

3.4 Technology

Technological advances have certainly facilitated great ease in using global communications, accessing the global marketplace, and managing information. And although it is clear that effective use of technology in public administration requires dedicated resources and specialized skills, there is evidence that both resources and skills are often unavailable to the extent required for successful reform. Nevertheless, because each of the national governments and major organizations represented in the preceding chapters has a functioning Web site from which information may be obtained and contact may be made, these organizations are readily accessible to their publics. But evidence contained in this volume and brief perusals of the relevant Web sites combine to reveal a great deal of unevenness in the depth and breadth of the use of technology in governance. In addition, although technology is neutral, such neutrality may be at risk when technology is put into use. At its best, technology may be used to inform and engage the public in the processes of governance; at its worst, technology may be used as a tool of deception that only appears to serve democratic purposes. Thus, additional and important questions remain concerning the extent to which commitment exists to utilize technology as a means to promote transparency and accountability in governance as a function of administrative reform.

3.5 Civil Service

In addition to the scandals involving unethical and sometimes illegal conduct by public officials discussed in this volume and in the popular media, the relatively recent trend of government looking to the private sector for answers to problems in public administration has done little to instill or reestablish public confidence and trust in government. These events and the fact that incentives offered by public sector employers are often less competitive than those offered by their private sector counterparts combine to make recruiting the best and brightest members of society into a civil service career a challenging task. The preceding chapters provide further evidence of insufficient, and in some cases nonexistent, professional training and development programs and performance management systems to retain the best and brightest in a civil service career. Despite this shortcoming (or perhaps as a result of it), an international professional network appears to be forming among senior administrators responsible for managing European Union–related affairs within their respective countries.

It is, however, clearly incongruent and unreasonable to seek to increase the scope and significantly change the nature of administrative behavior and performance while simultaneously failing to provide adequate resources to recruit qualified recruits, develop and enhance professional and managerial competencies, objectively manage performance, and establish or reestablish the perception of a career in the public service as a noble profession. Thus, it appears much work remains in terms of reforming public service in the direction of good governance.

The inevitable intertwining of politics and administration is, of course, apparent in all the preceding chapters. But several cases raise important concerns about political–administrative relations that extend well beyond intertwining and into the territory of political capture of the administrative bureaucracy. In these cases, insufficient professionalization, a cultural perception of civil service employment as a job as opposed to a career, and a cultural norm of prioritizing accountability to institutional superiors rather than to citizens are some of the key factors working against fundamental reform of public administration in an international context. On a more positive note, the majority of cases provided in this text reflect much more moderate tensions inherent to politico-administrative relations, which for the most part are accommodated through processes of mutual adjustment. Within this context, issues of political–administrative cooperation and coordination are again crucial to successful administrative reform.

3.6 Public Service Ethos

The preceding arguments along with ample evidence of administrative corruption support the assertion that reforms that bring together government institutions, private businesses, civil society, and other key social actors have weakened the

hierarchical structure of most (Western) government systems.³ If one accepts this position, it becomes clear that a new ethos to inform the conduct of public servants is surely needed to replace that of the traditional civil service.

In the current environment of administrative reform, public administrators are expected to possess the professional capacity to coordinate and cooperate, deliberate and negotiate, and seek consensus with a wide range of individuals and groups inside and outside of government while exercising judicious, civic-regarding, and ethical use of administrative discretion in all decisions and actions. This is a very tall order and represents a significant departure from the traditional, rule-bound, bureaucratically inflexible, and relatively stable role of the hierarchically limited public servant. Therefore, calls in this volume for a new public service ethos to reflect the changing scope and role of public administration and to guide administrative behaviors in this complex and dynamic environment appear warranted and join in the chorus of other such calls found in the relevant literature.

3.7 Culture

Just as human beings are said to be the sum total of our experience, so too are societies. Numerous references to and discussions of path dependency in this book highlight this simply stated fact. The culture of a given society is also reflected in the culture of the organizations operating within it. Each of the authors contributing to this volume, either implicitly or explicitly, refer to negative implications associated with incongruence between accepted cultural norms and the reform strategies employed. Additional evidence provided in preceding chapters suggests the opposite is also true; a good fit between culturally and organizationally accepted norms and strategies for reform are likely to experience lower resistance and a greater chance for success. Taken together this evidence adds potential salience to arguments for future research and practice that considers culture not only as a context for administrative reform but also as a potential causal influence in the failure and success of efforts to reform public administration.

4 So What?

Insofar as many of the trends identified above have been noted in previous works on reform and, like them, this volume contains no evidence of comprehensive administrative reform being realized or under way, what are we to determine about the status of administrative reform from an international perspective? In response to this question, two alternate interpretations are offered for your consideration.

The more optimistic worldview interprets this information as a positive sign that innovative reforms are being replicated and applied—albeit with varying degrees of depth, breadth, and success—on an international basis. That even

changed administrative behaviors motivated by little more than mere compliance with externally imposed requirements have the potential to eventually and collectively be transformed into meaningful reforms. That administrative changes valued by stakeholders have occurred and are occurring around the world. That although administrative reform may manifest in fits and starts, democracy and change are inherently messy and unpredictable processes. Therefore, the fact that international efforts to reform public administration are ongoing in and of itself represents forward movement in the right direction.

An alternative and more cynical interpretation of this information views the international replication of reform strategies and techniques as little more than a smoke screen through which nations with limited commitment to change may appear to be signaling movement toward good governance. It also suggests that international efforts to reform public administration are by and large little more than strategic bandwagons that one periodically jumps on and off as a means to secure something needed or desired and that failure to provide sufficient levels of preparation to analyze the ways and means of administrative reform so as to ensure a match with both institutional capacity and cultural norms exemplifies a lack of commitment to change and serves to perpetuate the existing gap between stated administrative objectives and actual administrative practice. Therefore, the fact that international efforts to reform public administration are ongoing in and of itself represents one more governmental exercise in futility.

Rather than offering these opposing perspectives as an effort to move readers toward one or another worldview, we intended that these alternate interpretations of the status of international administrative reform highlight the conflicted environment in which reform takes place. The ever-present reality of competing values and conflicting preferences, inherent in democratic processes, invariably add to the complexities of administrative reform. And because it is virtually impossible to characterize the current state of administrative reform in an international perspective with more specificity than is provided here, it is even more difficult to predict the future direction of administrative reform. It is likely, however, that reformers and their governments will continue to muddle through⁴ in incremental steps on their chosen paths toward good governance. Future research into the many open lines of inquiry presented in this chapter and this book will aid these endeavors.

5 Conclusion

This volume engages in a preoccupation with the question of how to be more open, accessible, accountable, efficient, effective, transparent, and responsive to the needs of the relevant community through the processes of administrative reform. Questions of administrative capacity are central to the processes of governance as we seek the means to sustain and enhance political and administrative commitments to justice, equity, and representation while serving the public interest. Jos argues that

today's public administrators can no longer afford to accept the status quo. In fact, he asserts that it is through responsible administrative discretion that meaningful and responsive change in governance may be initiated and ultimately achieved:

If the responsible use of administrative discretion demands an educated political community with allegiances to constitutional principles and their fellow citizens, then administrators must be prepared to endorse a far more radical political program than is currently being contemplated.⁵

Because the overarching objective of administrative reform is to advance good governance in all its variant forms, it is incumbent upon those best qualified—students, educators, and practitioners of public administration—to do what they can to challenge and overcome bureaucratic inertia toward positive change. The editors of and contributors to this volume invite you to join us in this noble quest.

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