

In TRANSIT - SOME NOTES ON GOOD GOVERNANCE (1999)

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PREFACE

These pages reflect one (West European) man's attempt to understand the processes of improving our public institutions in a world of increasing interdependence and complexity.

They bring together different sorts of experiences -

- fighting with bureaucracy in the late 1960s and early 1970s;
- helping to build community organisations;
- creating and running a Regional government system from 1974-90;
- introducing a new process of policy-making which broke down the boundaries between professionals and politicians
- designing and managing during that period a highly participative urban strategy focussed on what is now called "social exclusion";
- running an academic Unit concerned to help make sense of these efforts;
- advising Central Europeans build their new systems of government during the 1990s
- extensive reading in the field of public administration reform - and, latterly, of "transitology"

After two decades of working in Western Europe (mainly Scotland) and one decade in Central Europe, I seem now to be heading for a new continent. And we are all heading for the 21st Century. It seems therefore an appropriate time to take stock - to try to clarify both the experiences and the concepts and approaches being used in such endeavours - not least, perhaps, to make easier the task of engaging with future working environments.

The book tries to go beyond one man's perceptions and inclinations about these issues - it also tries to give a sense of what others are saying. And will hopefully therefore open up new perspectives and possibilities.

But the personal is important - it is, after all, the only way we live our lives. Academic words so easily reify. Do not misunderstand me - I have a deep respect for academic world. I have inhabited it and obviously try to keep track of it - we are constantly being reminded that "knowledge" is now the most valuable resource, replacing the previous trilogy of land, labour and capital (World Bank 1998). But the business of academics is classification and correlation - within ever-increasing specialisation.

You and I are in the business of improvement - faced with specific people and contexts. To make sense of it we require a multi-disciplinary approach - not a single discipline. What we see; what we want to do; and how we should do it - these are all unique choices we have. No-one else can really help us. I have put these pages together as part of my own search for self-awareness - in a belief that administrative reform requires a more open and tentative spirit.

A wise man once wrote that the best way to understand a topic was to act, read, reflect - and then write your own book. This booklet is written in that spirit.

So here I am, in the middle way, having had twenty years -
Twenty years' largely wasted, the years of l'entre deux guerres -
Trying to learn to use words, and every attempt
Is a wholly new start, and a different kind of failure
Because one has only learnt to get the better of words
For the thing one no longer has to say, or the way in which
One is no longer disposed to say it. And so each venture
Is a new beginning, a raid on the inarticulate
With shabby equipment always deteriorating
In the general mess of imprecision of feeling,
Undisciplined squads of emotion. And what there is to conquer
By strength and submission, has already been discovered
Once or twice, or several times, by men whom one cannot hope
To emulate - but there is no competition -
There is only the fight to recover what has been lost
And found and lost again and again; and now under conditions
That seem unpropitious. But perhaps neither gain nor loss
For us, there is only the trying. The rest is not our business.

TS Eliot (Four Quartets)

"We've spent half a century arguing over management methods. If there are solutions to our confusions over government, they lie in democratic not management processes"

JR Saul

CHAPTER ONE

THE JOURNEY OF REFORM

1. PURPOSE OF THE BOOK

A film of the early eighties starring Robert Redford - "The Candidate" - covered his campaign and eventual victory, against the odds, to become an American Senator.

The film ends on the victory night and the final words we hear him utter (to himself and in some horror) as he begins to confront the reality beyond the campaigning and the ever-present advice of his spin doctors are - "What the hell do I do now?"

A lot of people have found themselves recently in this situation as a new wave of elections has surged around Central Europe in 1996. In their case there is only too much immediately to do - at least in the way of **negotiations** and **appointments** since, in Central Europe, Governments (and parties!) are often coalitions created only after complex negotiations.

And there is not yet the professional civil service with experience of transfers of government power and able therefore to present the "new masters" with policy options based on the winning manifesto: indeed the new masters will often bring with them a new set of civil servants.

But the question remains - particularly for newly-appointed Ministers and advisers but slightly rephrased - what can I do with this power to make a positive difference?

Even in Western Europe, little has been written to help answer that question - despite the frequency with which good intentions have been frustrated by a combination of malign fate, machinations and the machinery of government.

Political autobiographies, after all, have to market success! And the general management books don't have a great deal to say to those who suddenly find themselves elevated to high level tasks.

A recent book suggests that senior executives need to - and can - develop three general sets of capabilities - personal, interpersonal and strategic dimensions (Dainty and Andersen). The **core personal capabilities** are self-awareness and self-development capacities. The "Interpersonal" (or **process**) **capabilities** are

- insight/influence
- leadership
- team building.

The **Strategic (or purpose) capabilities** are

- environmental and organisational assessments
- policy mechanisms
- structuring the action.

A key issue is getting the appropriate mix of "process" and "purpose" strengths: too much of either in teams and senior executives is problematic. It is curious that the management invasion of government in the past decade does not seem yet to have touched the world of politics - save for marketing!

The life-cycle, pragmatism and attention-span of Ministers and local government leaders cause them generally to adopt what might be called a "blunderbuss" approach to change : that is they assume that desirable change is achieved by a mixture of the following approaches -

- existing programmes being given more money
- policy change : issuing new policy guidelines - ending previous policies and programmes
- creating new agencies
- making new appointments

Once such resources, guidelines or agencies have been set running, politicians will move quickly on to the other issues that are queuing up for their attention.

Of course, they will wish some sort of guarantee that the actual policies and people selected will actually enable the resources and structures used to achieve the desired state. But that is seen as a simple implementation issue. Politicians tend to think in simple "command" terms: and therefore find it difficult to realise that the departments might be structured in a way that denies them the relevant information, support, understanding and/or authority to achieve desired outcomes.

Increasingly, however, people have realised that large "hierarchic" organisations - such as Ministries - have serious deficiencies which can undermine good policies eg

- their multiplicity of levels seriously interfere with, indeed pervert, information and communications flows - particularly from the consumer or client.
- they discourage co-operation and initiative - and therefore good staff. And inertia, apathy and cynicism are not the preconditions for effective, let alone creative, work!
- they are structured around historical missions (such as the provision of education, law and order etc) whose achievement now requires different skills and inter-agency work.

To move, however, to serious administrative reform is to challenge the powerful interests of bureaucracy itself - on which political leaders depend for advice and implementation.

This seemed to require an eccentric mixture of policy conviction, single-mindedness and political security which few leaders possess.

Whatever the appearance of unity and coherence at election time, a Government is a collection of individually ambitious politicians whose career path demands making friends and clients rather than the upsetting of established interests which any real organisational reform demands.

The machinery of government consists of a powerful set of "baronies" (Ministries/ Departments), each with their own (and client) interests to protect or favour. And Governments can - and do - always blame other people for "failure": and distract the public with new games - and faces.

What one might call the "constituency of reform" seemed, therefore, simply too small for major reforms even to be worth attempting. For politicians, the name of the game is reputation and survival.

Increasingly in the last two decades leaders have known that something was wrong - although the nature of the problem and solution eluded them.

To some it was poor quality advice - or management. To others it was lack of inter-Ministerial co-operation: or over-centralisation.

So a variety of reforms got underway from the late 1960s; and were accelerated when it was clear later in the 1970s that no new resources were available for government spending and, indeed, that there would have to be significant cutbacks.

Some leaders got their fingers burned in the 1960s during the first wave of over-optimistic attempts in America and Britain to apply management techniques from business to the affairs of government.

But the mood of caution has now changed. Encouraged by the examples set by countries such as Britain, New Zealand, Australia and Finland, government reform has become all the rage throughout the world in the past ten years.

Initially this involved governments selling off industries such as Steel, Gas and Telecommunications.

The reform of government has, however, now spread deep into the thinking about how the basic system of government and of social services should be managed - and what that means for the role of government.

For the last decade the talk has been of the "**ENABLING**" state - of government no longer trying itself to produce things and to run services but rather focussing on strategic purposes and trying to achieve them by giving independent public agencies - national and local - budgets and guidelines in contractual form. Then relying on a mixture of independent regulation, audit, quasi-market forces and arm-twisting to keep them on target.

Now no self-respecting politician - left or right - wants to be left behind from something that is variously seen as the "march of managerialism" or the "march of the market".

And the changed climate gives more courage to challenge staff interests and traditions of public service - although Germany and France are having their problems currently !

The inevitability of global change, the OECD or the European Union can, however, always be blamed!

The current ferment in and about the machinery of government reflects the enormous advances in the thinking about management and organisational structures over the past 15 years as we have moved away from mass production methods further into a "Post-industrial" era.

Technical change has killed off the slow-moving dinosaurs, given consumers new choices and powers: and small, lean structures a competitive advantage.

The very speed and scale of the change, however, pose issues for the political system which need to be confronted -

- do political leaders really understand the reasons for the changes in the machinery of government? Are they clear about the "limits of managerialism" - in other words about

the defining features of public services "which seldom face market competition, rarely sell their services, cannot usually decide on their own to enter markets, are not dependent on making a profit and have multiple goals other than efficiency" (Goldsmith)

- do they have the determination and skills to manage a change programme in a coherent way : dealing with the resistance they will encounter ?
- as activities are delegated and decentralised (if not passed to the market), how will this affect the role of the politician ?

All of this requires new management skills in the public service: and strategic skills in our politicians.

Central Europe faces two particular challenges which has been well expressed by Balcerowitz - "The state has only limited resources of time, administrative capacity and money: and, secondly, the capacity of the state to deal with different problems varies, mainly because of varying informational requirements. State resources in transition economies are much more limited; while the fundamental tasks of systematic transformation and monetary stabilisation are far greater than in any developed market economy".

2. UNLEARNING AND LEARNING

The book therefore is about the search for effectiveness and equity in government in a new era of immense change and growing expectations.

It is aimed at -

- those both inside and outside the machinery of government - both local and national - who, however reluctantly, have realised that they need to get involved in the minutiae of administrative change
- people in both West and central Europe.

A lot has been written in the past decade about development endeavours at various levels - but there are several problems about such literature -

- it is written generally by academics who have not themselves had the responsibility of making things happen: who have rarely, for example, been involved in the early, messy stages of taking initiatives they believed in, or in working with people who feel threatened and confused.
- its very volume and diversity (let alone language and accessibility) makes it impossible for busy policy-makers and advisers to read : a guide is needed.
- such texts are (obviously) not sensitive to the Central European context - let alone the changing nature of politics in places like Belgium and Scotland.

The analysis and argument of this book very much build on my **practical experience as a "change-agent" in Scotland during 1970-1990**, trying to "reinvent" the machinery of local government and to construct effective development policies and structures to deal with economic collapse.

The actual text **reflects a dialogue with a particular Central European audience between 1994 and 1998**: the focus - and content - being shaped by the questions and issues

which seemed to be at the forefront of the minds of the people I was working with in such programmes as

- Public administration reform in Latvia
- Administrative Decentralisation in Slovakia:
- the establishment of 2 Regional Development Agencies - and 2 Development Funds - in North East Hungary:
- the development of Local Government in Romania, the Czech and Slovak Republics
- injection of policy coherence into coalition government in Romania

And **the Annotated Bibliographies** give some of the key points from books I have found useful in my own search for better policy-making. It's a salutary experience to write a book on reforming government in a far-away land - far away from the crises, confrontations and hype which seems to pass these days for government in developed countries. Without these, you have the time and space to read; to begin to make some connections between other experiences of reform and your own. And to rediscover the importance of having some "theoretical" frameworks to help make such links.

Living and conversing with those undergoing the "transitional" experiences here equally makes you look at things in a different way and be more sensitive to the meanings hidden in words. Slowly I realised that my emerging thoughts were equally relevant for those in West European now trying to make sense of the various nostrums to which the public sector has been subject in the past two decades.

The book asks whether our policy framework for "transition" (inasmuch as one exists) adequately reflects new thinking about the respective roles of government, the market and of social development processes which has been developing during the decade in our own countries. It also suggests that, both in West and Central Europe, these important debates are hampered by their compartmentalisation. And, further, that one of the (many) problems of the "technical assistance" given by Western Europeans during the 90s to the countries of Central Europe has been the fuzziness of the basic concepts of reform - such as "democracy", "market" and "civil society", let alone "transition" - used by us in our work.

This has had at least three causes -

- the experts have been practitioners in the practice of specialised aspects of their own national system - with little background in comparative European studies.
- Few of us had any understanding of the (Central European) context into which we were thrown. We have, after all, been professional specialists and project managers rather than experts in systems change. We have therefore too easily assumed that the meaning of the basic concepts behind our work were clear, relevant and shared.
- Few have, as practical people, been deeply involved in the debates which have been raging in the West about the role of government, of the market and of the "third" or "voluntary" sector - let alone to the specialised literatures (and sub-literatures) on development or "transitology"(Holmes)!

Central European readers will generally share three sentiments -

- frustration with the pace of change in your country and with your feeling of individual powerlessness
- an acceptance that things only improve when enough ordinary people get together and act
- a feeling, however, that the exhortations (and texts) you get from foreigners about "taking initiatives" are too simplistic for the incredible difficulties people face at a local level - often in basic survival issues.

A lot of that material on such things as communicating; planning and working together can, actually, with suitable adjustments, assist people here who want to speed up the process of social improvement. Some of these are mentioned in the reading list at the end - and you should take encouragement from the fact that the West has produced this sort of material only very recently (particularly in the field of social action). We are not as advanced as you think!

This book does not replicate that material - but is rather written on the assumption that people are more inclined to take action if they feel that their understanding of what is happening and the realistic options for change is reasonably credible

Like most practitioners, I stumbled by accident into the reform business. I was lucky in the 1970s to be able to combine my work as an academic (supposedly in Economics and Management) with that of a reforming local politician. Modernisation was very much in the British air in the 1960s after too many years of Conservative rule and propelled me into local politics.

Shortly after first being elected in 1968 to represent 10,000 people in a poor neighbourhood on the local municipality for a shipbuilding town in the West of Scotland, I was chosen by my political colleagues to be their organising Secretary. I then become Chairman of a Social Work Committee in 1971 - at a time when this function was being invited to take on a more preventive role. The Scottish legislation introduced by the Labour government of 1964-70 invited us to "promote social welfare" on a "participative and co-ordinated basis". This in recognition of the fact that social disadvantage has economic causes which are reinforced by the breakdown of social bonds and the operation of bureaucracies.

This gave me a powerful base with which to challenge traditional ideas and practices in local government. From the start, some of us tried to ensure that the local people were proper partners in redevelopment efforts - trying to use community development principles and approaches - in the teeth of considerable political and officer hostility.

From 1970 my growing politico-managerial responsibilities in self-government developed my intellectual interest in the budgeting process (Wildavsky), and in public management and organisational studies (Handy) and, inevitably, I was strongly influenced by the American ideas about corporate rationality which were then flooding across the Atlantic (in that sense there is nothing all that new about New Public Management).

At the same time, however, the social conditions and aspirations of people in my town's East End were beginning to engage my time and energy - leading to sustained reading about urban deprivation and community development (see chapter Five).

Interdisciplinary studies were beginning to be popular - but I seemed more excited by such "trespassing" (Hirschmann) than my specialised colleagues.

Even before Schumacher popularised the thesis that "small is beautiful", I was having my doubts about the worship of the large scale which was then so prevalent. I little thought, as - in the early 1970s - I took my students through the basic arguments about "public choice" (Buchanan) generally and road pricing in particular, that such an approach was to transform British and European public policy and politics a decade or so later.

The title of first publication - "From Corporate Planning to Community Action" reflected the diverse strands of thinking then around!

Then, in 1974, came a massive change: the reorganisation of British local government. All the old municipalities were swept away. I found myself a councillor on the massive new Strathclyde Regional Council - which was responsible for education, roads and transport, social services, water and sewage, police etc for half of Scotland's 5 million population. And it therefore had a massive budget - of 3,000 million dollars and a staff of 100,000 - on a par with many countries of Central Europe.

I was selected by my new colleagues to be the Secretary of the majority political group: a position to which they re-elected me every two years until I resigned in 1991.

In a sense we were on trial: although the logic of the City Region had created us, most people doubted that a local authority on this scale could possibly work. The small group of politicians and officials who shaped the Region in its early years were, however, excited by the challenge: in a sense, we knew that we could do no worse than the previous system.

And we relished the chance to take a radically different approach to the enormous economic and social problems faced by the Region from those used in the past.

Principally that we felt we had to engage the imagination and energies of the various groups in the area - staff, citizens and the private sector. For us, too many people - particularly staff and ordinary people - were disaffected and fatalistic.

In this new organisation, I was in a critical "nodal" position - at the intersection of political and professional networks of policy discussion - and tried to use it to establish an effective "constituency for change" both inside and outside the Council.

Very often I felt like someone working in a "No-Man's Land": and the "boundary crossing" made me angry about two things -

- the waste of resources from the apparent inability to work creatively across these boundaries
- the way that so much "leadership" of the various organisations disabled people. What is it, I wondered, about positions of power that turns so many potentially effective managers so quickly into forces of repression? (Alaister Mant's book is worth reading on this)

And confirmed the early commitment I had made early on in my political career to try to use my position to work with those who were excluded from power - on the basis that real change rarely comes from persuasion or internal reform; but rather from a "pincer movement" of pressures from below on those with power who always seem to need reminding of why they have been entrusted with it.

The last 9 years have moved me into Central Europe where I see such similar problems (environmental, organisational and civic) to those I first experienced in the late 1960s when I first got involved with local government (see chapter on Strathclyde Region).

3. MOTIVES for REFORM

Motives for administrative reform vary immensely; the mechanisms selected need to be appropriate to the purpose. It is therefore important to clarify these different concerns – to discuss them and to design strategy on the basis of consciously-selected objectives.

3.1 to reduce public spending (or number of civil servants)

This has been recognised to be simplistic (and the head-counting somewhat specious since, whether people were called civil servants or not, their salary came from the public budget). The issue is **rather reallocation of spending**.

This requires **political willingness** to take decisions about priorities and willingness to stick with them; and **administrative capacity** to implement them.

3.2 to give citizens better services and treatment;

eg reduce red-tape, ie the number of forms or offices they have to deal with for an application ; increased information on rights and services.

3.3 to increase public confidence

Trust is the lifeblood of a healthy society and economy. Its absence makes social and economic transactions difficult. Investment and the social fabric suffer as a result. Public servants who supply the continuity (or institutional memory) and need to be seen to have integrity and an ethic of service. This is particularly true for foreign investment.

3.4 to ensure effective implementation of international obligations and standards (through an effective administrative infrastructure)

Access to the European Union, for example, requires that laws are properly prepared and implemented - this means such things as prior co-ordination between Ministries, social partners and Parliament; assessing the impact of these laws; and ensuring that those with new responsibilities for enforcing the law are ready for the task - in terms of institutions, skills and resources.

3.5 to ensure cost-effective use of limited resources

We have become increasingly aware that there are real choices for governments about the role of the State in ensuring an acceptable level of public infrastructure and services. The

disadvantages of government being both policy-maker and supplier have become increasingly recognised – as have the benefits of pluralistic provision.

Exactly how the delivery of services is organised will depend on such factors as - the degree of competition ; ease of output measurement ; administrative capacity to engage in contract management ; the scale of transaction costs ; and political attitudes.

3.6 to activate the energies and ideas of the officials

Senior civil servants are highly educated; they have ideas and ideals are often themselves frustrated by the way the system works. The priority they have to give to the task of policy advice and legal drafting (particularly in Central Europe) means that they have little time to manage the delivery of services for which they have nominal responsibility (particular the structures and staff). And in Central Europe they lack the experience and skills of man management.

These six motives may seem obvious – but they have rather different organisational implications. Some suggest a tightening of central control; others a loosening. For example while the last two motives – although very different – do appear to lead in the same policy direction – of breaking Ministries into Agencies - the mechanisms are rather different. One emphasises structural change; the other, managerial style

4. DIFFERENT APPROACHES

Most reform efforts start with a determination to "get the bureaucracy under control" - in terms of resources, staffing or influence.

There are, however, very different approaches and starting points to this question -

- Some people assume that it is a matter of **better laws and regulations** since that is what bureaucrats need to authorise and prioritise their activities
- others assume that **financial information and appraisal** is the key – that once the costs of activities are known, the information will speak for itself
- others again will argue that it is all a **question of management (and personnel) structures and skills** – to have, for example, a system which encourage bureaucrats to take more responsibility for decisions and their consequences, within, of course, clear policy guidelines
- the more courageous suggest that one needs to begin with the government agenda – and the **process by which policy priorities are set and implemented**. Once that is clear, other things follow.

The approach selected will be largely determined by two factors in particular-

4.1 organisational cultures

The administrative systems of countries have traditions which constrain policy-makers' freedom of action. Anglo-Saxon practices - whether that of the powerful Prime Minister or the US "checks and balances" model do not easily transplant to the formal legalistic Central Europe model.

4.2 the extent of support from key actors in the system.

No much has been written about this crucial aspect - one writer (Lovell) divides people into allies, bed-fellows, fence-sitters, opponents and adversaries. Who falls into what category will depend, to an extent, on the methods chosen.

5. KNOWLEDGE for CHANGE

"Modernisation" of Western societies - in the sense in which we now use that term - started only 30 years ago; and it seems that we need a couple of decades before we can begin to understand the broad pattern of change - to start to make sense of the endeavour, to see the real issues and to begin a balance-sheet.

I think here particularly of Britain which was, from the mid-1960s so full of institutional critiques and self-analysis (see Chapter Four), leading first to major institutional changes, then a neo-liberal backlash and now - in its radical critiques and calls for major policy overhauls, written constitutions - seems to be taking a more analytical and process-oriented view of the process of change. In terms of the length of concern about the decline of the country (to some analysts half a century: to others a full Century), the scale and variety of the policy and organisational changes and the number and coherence of the studies, Britain offers a marvellous study in institutional pathology.

Universities have to accept some responsibility for the confusions in our public life.

First for the way that they have, in the past 30 years, allowed so many social science specialisations to be institutionalised, each of which has invented its own mystifying language and fashions (Andreski : Ormerod). The result has been a gigantic failure of communication within the social sciences, let alone with the wider world. And this in the midst of an orgy of enforced publication!

Knowledge for government is, for me, a "seamless web" - but has, increasingly, been segregated into academic subjects such as -

- "Government and Public Management" (Hood ; Rhodes ; Dunleavy)
- "Policy Analysis and advice" (Dror; Gunn and Hogwood : Parsons)
- "Public Sector Reform" (Lane; Pollitt ; PUMA)
- "Local Government policy development" (Stewart)
- "Budgeting and Public Finance" (Wildavsky)
- "Political Sociology" (Dunleavy)
- "Organisational theory" (Schon) ; and Organisational. Design (Roger Harrison; Revans; Schein),
- "Learning Approaches" (Kolb ; Senge ; Pedler)
- "Management of change" (Kanter ; Clarke ; Eccles ; Hutchinson)
- "Administrative Reform" (Caiden ; Hesse)

- "Development Theory ; and Practice" (Brohmann; Friedmann; Hirschmann; Gunther Frank)
- "Cross-cultural management" (Hamden-Turner : Trompenaars ; Lessem)
- "Urban Policy" (Donnison ; Boyle; Parkinson ; Bennett ; Robson)
- "Regional Policy" (Bachtler : Amin),
- "Local and Regional Government" (LJ Sharpe; Jones/Keating)
- "Community Development" (Henderson : Freire, Illich),
- "Democratic Theory" (Heald)
- Comparative Politics (Riggs)
- Transitology (Holmes)

There is a second charge I would make against modern university social sciences - that they have devalued the world of practice. I am generally not a great fan of the medical profession qua profession (Illich) - but do respect its tradition of linking teaching to practice. The concept of the University Hospital - which has the practitioner as trainer - is one which other serious academic disciplines would do well to emulate! Having said this, I would not want to be seen to be opposed to academia: after all, without the researchers and scribblers, we would have little clue about what is going on in the world!

But whenever we come across a book dealing with a subject which interests us we need to ask ourselves about the motives for the publication

- To make a reputation?
- To make money?
- Or help us answer the questions and uncertainties we have?

Sadly, it is all too seldom that the latter motive dominates. I hope the book notes will encourage some of you to select what seem to be particularly relevant to your particular needs: and to give you support in what is so often a lonely and thankless struggle of understanding and reform.

6. PUTTING RESOURCES IN PERSPECTIVE

Each person facing dereliction - physical, moral or organisational - must look at their own conditions and ask how the energy and ideas both inside and outside the various organisations can best be released. Simply transplanting practice from elsewhere can be counterproductive. Some of the critical questions to ask are -

- what were the preconditions of other successful work ?
- do they exist here ?
- If not, how can they be nurtured ?
- once the conditions are more favourable, what do we do ?

I am very much aware that the immediate needs in so many parts of Central Europe are such things as the provision of adequate water and waste management systems; the renewal of public transport, schools and roads; and all the equipment that goes with that.

I am also aware that Central Europe has well-trained engineers and scientists.

So I can understand the questions - and occasional resentment - about the presence of foreign experts (particularly from those knowledgeable about the disasters visited upon

developing countries by the World Bank : see the books by Susan George and Bruce Rich for development of this theme).

Many argue that money is the only thing that is needed: but questions certainly need to be asked about HOW EXACTLY such capital investment and equipment will be managed: and whether indeed it is needed in the precise quantity and form in which the proposals are presented.

After all, commitment to "market reform" actually entails two admissions -

(i) that the providers were too dominant in the past : and created over-supply of many facilities

(ii) that the precise configuration of equipment and prices that would meet consumer need effectively will take some time - and effort - to discover.

When, in 1973, I first engaged on the debate about Glasgow's future, the prevailing view in the City Council was that Central Government simply had to give the City Council the "necessary resources". Those of us who dared to suggest that the prevailing policies and structures were incapable of producing effective results: and that more decentralised (and collaborative) methods were needed for getting results tended to be treated as academics. Experience - both in Scotland and in Europe as a whole - indicates we were right: although we lacked then a strong methodological justification for our approach. All that we knew was that the old methods patently were not working: and that voices as diverse as Illich, Schon and Toffler were powerfully arguing, from another Continent, that a new emergent society would require a destruction of the bureaucracies as we knew them (see Conclusion). My own experience between 1970-90 of trying to get government bureaucracies to take seriously the ideas of local people in regeneration projects gave me ample proof of this. From this experience I have taken the following lessons -

(a) PROCESS - and people - are crucial : closed systems are the real problem !

A lot of groups and individuals are involved in the renewal of areas and organisations - whose enthusiasm, ideas and support is crucial for successful change and development.

The more pluralistic the society, the more chances of good ideas emerging.

People have to feel part of any change strategy : and that includes

- the staff and leaders of public agencies,
- voluntary organisations and the wider public
- professional associations
- the private sector

(b) That fundamentally affects **HOW** a strategy is evolved (the **PROCESS**). It cannot be done behind closed doors!

Planning systems and structures do not achieve change (indeed they generally pervert and prevent it !) It is people - and their relationships - which are crucial.

This can be seen by comparing the successful Glasgow experience with that of Liverpool - 2 cities with similar social and industrial structures in the 1970s but very different outcomes 20 years later (Carmichael-Chapter 5)

(c) POLICIES come next. These have to be

- appropriate to the local (and global) context

- understood and supported
- given institutional grounding
- seen to be successful (to generate the necessary continued support)

(d) Only then will RESOURCES work! No-one ever has enough money ! Go to the richest City Authority in the world - and ask them what their main problem is: the answer, invariably, will be "money" (unless they are part of the new breed of managers!). But how cost-effective have the enormous sums of money West Germany lavished on East Germany been?

- Leadership is about having the courage to choose, to select priorities
- Leadership is the ability to inspire others to believe - and to continue to believe - that what they do matters - and will make a difference.
- Leadership is being able to achieve with what you have!

Further Reading

Most of the references in this chapter are explained in relevant chapters (eg administrative reform; training). The remainder (eg on development issues) are picked up in the final chapter.

The references in the first part of this section ("How-to Manuals") should be of interest to those in senior positions - who are in a position to affect key processes and structures of government.

The references in the second section cover the improvement of our own inter-personal skills - and ways of working more effectively with others.

Engaging in PAR involves both content and process. And both are equally important. The policies have to be appropriate – and implemented in an effective way. Often the difficulties of implementation are under-estimated – which is why we begin with that.

1.1 Macro Change (Overviews and “How-to” manuals)

Bryson J

Crosby B Leadership for the Common Good (Jossey Bass 1992)

- the first real step-by-step manual of change for those operating in the public domain and who want to put together an effective "constituency" of change. My one criticism is that it tries too hard to make the relevant link with the academic literature. An Executive version should be produced!

Hollis G

Plokker K Toward Democratic Decentralisation - transforming regional and local government in the new Europe (TACIS 1995)

Waking Sleeping Beauty - Towards a sustainable provision of social services in transitional countries (TACIS 1998)

- texts which came from TACIS projects in the Ukraine.

Kanter R The Change Masters - corporate entrepreneurs at work (Unwin 1983)

- one of the best known of the management Gurus. This book should give encouragement to all those struggling with bureaucracy. It describes the efforts made in the early 1980s in some organisations to make them more relevant and effective and contains the marvellous, tongue in cheek, ten "**rules for stifling innovation**"

1. regard any new idea from below with suspicion - because it's new, and it's from below
2. insist that people who need your approval to act first go through several other layers of management to get their signatures
3. Ask departments or individuals to challenge and criticise each other's proposals (That saves you the job of deciding : you just pick the survivor)
4. Express your criticisms freely - and withhold your praise (that keeps people on their toes). Let them know they can be fired at any time
5. Treat identification of problems as signs of failure, to discourage people from letting you know when something in their area is not working
6. Control everything carefully. Make sure people count anything that can be counted, frequently.

7. Make decisions to reorganise or change policies in secret, and spring them on people unexpectedly (that also keeps them on their toes)
8. Make sure that requests for information are fully justified, and make sure that it is not given to managers freely
9. Assign to lower-level managers, in the name of delegation and participation, responsibility for figuring out how to cut back, lay off, move around, or otherwise implement threatening decisions you have made. And get them to do it quickly.
10. And above all, never forget that you, the higher-ups, already know everything important about this business.

Osborne D

Plastrik P Banishing Bureaucracy; the five strategies for reinventing government (Addison 1997)

- after successfully starting the "reinventing government" movement, Osborne has now supplied us with the first real equivalent for the public sector of the myriad :managerial "cookbooks" which have tantalised private sector managers for the past decade or so (see The Witchdoctors – making sense of the Management Gurus on this issue).

On the basis of a rather simplistic summary of British, New Zealand and American experiences the authors suggest that effective public sector reform has to deal with the "basic DNA of the public sector system – its **purposes, incentives, accountability systems, its power structure and its culture**.

Successful reinventors have all stumbled across the same basic insights;

- that underneath the complexity of government systems there are a few fundamental levers that make public institutions work the way they do;
- that these levers were set long ago to create bureaucratic patterns of thinking and behaviour;
- that changing the levers – **rewriting the genetic code** – triggers change that can cascade throughout the system".

From these five basic elements Osborne suggests Five Strategies –

- Core Strategy (Clarity of Purpose ; Clarity of Role ; Clarity of Direction)
- Consequences Strategy (Managed Competition ; Enterprise Management ; Performance Management)
- Customer Strategy (Customer Choice ; Competitive Choice ; Customer Quality Assurance)
- Control Strategy (Organisational ; Empowerment)
- Culture Strategy (Breaking Habits ; Touching Hearts ; Winning Minds)

Perri 6 Holistic Government (Demos 1997)

The most stimulating single pamphlet one could read for an assessment of where we go after the downsizing, privatisation and "reinvention" which has been the name of the public sector game in Western Europe over the last two decades. His critique of the "functional model" is similar to that set out in this book - although more tightly and slickly presented viz - high cost; centralisation of the wrong things; **crude understanding of how to change behaviour** (he's very strong on the issue of "cultural change"); short-term thinking; **too much focus on cure - too little on prevention** (another key issue); **lack of co-ordination** and exacerbated problems of "dumping"; measuring the wrong things; and, finally, accountability to the wrong people

His main concern is the inability of contemporary government to deal with "wicked problems" (cutting crime; creating jobs; improving educational performance; and tackling ill health). He looks at the various devices which have been used in the attempt to achieve "joined-up action" eg

- Interdepartmental working parties
- Multi-agency initiatives
- Merging departments
- Joint production of services
- Restricting agencies' ability to pass on costs
- Case managers
- Information management and "customer interface integration"
- Holistic budgeting and purchasing (eg the Single Regeneration Budget)

He finds a place for all of these - but suggests that "the key to real progress is the integration of budgets and information; and the organisation of budgets around outcomes and purposes not functions or activities" (p44)

His basic argument is that "the watchwords for the next generation of government reformers will be

- Holistic government
- Preventive government
- Culture-changing government
- Outcome-oriented government

(should be read in conjunction with his article on "Governing by Cultures" and Douglas Hague's "Transforming Dinosaurs" in Mulgan's equally stimulating Life After Politics)

Senior B Organisational Change (Pitman 1997)

- the clearest and most up-to-date introduction to the issues and literature on managing organisational change.

1.2 Micro Change

These are texts aimed at what one can do within existing constraints at the level of one's own organisation.

Bryson J Strategic Planning for Public and Non-profit Organisations (Jossey-Bass 1988)

Covey S The Seven Steps of Efficient People (widely translated)

Garratt Bob Learning to Lead (Harper Collins 1990)
The Learning Organisation (Harper Collins 1994)

- two short and very important books for all those who suddenly find themselves in "leadership" positions and expected to operate "strategically"

Heller R Essential Managers Manual (D Kimberley 1998)

- nice glossy, with couple of pages of very practical advice covering every issue likely to confront people in offices eg chairing meetings, communicating, appointing.

Pedler M etc A Manager's Guide to Self-Government (3rd edition McGraw 1994)

- Identifies 11 basic management skills : then offers a questionnaire to allow you to identify the areas where you perhaps need improvement. 49 activities (eg "planning change", "choosing solutions with a chance" - about 5 pages to each) are then described to help such improvement.

Rowntree D A Manager's Book of Checklists (Gower)

- The book devotes 7/8 pages to such topics as listed below. No narrative: simply questions to help you to assess your approach to each - and how you might be able to improve your performance.

- controlling, communicating,
- managing your time, team, meetings, conflict, change etc
- planning for new staff : recruiting and interviewing
- delegating, motivating, appraising and disciplining staff
- negotiating

Weisbord M Discovering Common Ground (Berrett-Koehler SF 1992)

- explains the "search conference" approach to strategic development – and gives many case-studies.

Whetten Developing Management Skills for Europe (Harper Collins)

- This is a course in itself: with some 50 pages apiece on -

- developing self-awareness
- managing stress
- solving problems creatively
- communicating supportively
- gaining power and influence
- motivating others, managing conflict
- empowering and delegating.

The considerable strengths of the book are its self-assessment approach and its concern to base practical (and logical) advice on the available research - which it clearly summarises.

CHAPTER TWO

THE TRIPLE CHALLENGE in Central Europe

"Looking at the experience of the recent democratisation process in these countries and the views expressed by the media, politicians and sometimes academics, I get the feeling that many Westerners were paraphrasing the famous Leninist definition of communism: socialism + electricity. After the fall of the Berlin wall, many observers also expressed a reductionist view, whereby democracy was simply considered to be: the market + elections.

Fortunately, democracy is much more than this. Yet there is no single definition of democracy. Democracy is not a state of nature, it is a product of culture. Because of this cultural element, there is no such thing as a democratic model. There are democratic principles, whose implementation may vary from one polity to another: most Europeans would be reluctant to have elected judges while Americans would resist the idea of having only professional, tenured magistrates, for example.

But the paradoxes of Western democracy do not lie merely in its variety and diversity. Because of its sometimes very slow, sometimes very brutal, historical development, democratic systems necessarily incorporate elements and features of past non-democratic regimes. The *Rechtsstaat* and the Welfare State emerged and sometimes developed without any democratic purposes whatsoever in the mind of the rulers or their proponents. Corporatist traditions and institutions, as well as neo-corporatist practices, continue to flourish in most of continental Europe. Feudal or authoritarian rules and customs are still alive."

Meny

In a remarkably short period of time, the countries of Central Europe have put in place the institutions on which an effective market democracy depends, such as -

- free elections, held at regular intervals
- freedom of association and expression
- free press
- relatively independent judiciary
- private ownership
- banking systems

Such institutions set up structures of rewards and penalties to make the behaviour of political, administrative and business leaders more credible to the population.

It cannot be emphasised too much that development takes place only if there is a climate of **trust** and **confidence**.

For individuals to be willing to invest their time, energy or money in an activity (whether voting or starting a business or community organisation), they need to believe that their efforts have a high chance of producing results which they value.

If that belief is not there, then they will not make the appropriate investment of time or money.

The appropriate legislative framework - duly enforced (!) - supplies the confidence and **trust which is the invisible glue which binds together our economic and social systems**. The "market", in other words, does not appear naturally. It is a social construct requiring systems of rules and organisations which are trusted by people. And used by them to take the variety of initiatives which create both a healthy economy and society.

All this does not happen overnight - and is one reason why progress has been slower in such matters as -

- the structure and status of public services

- the coherence of political parties
- the role of parliament (where western Europe also has its problems!)
- local government
- privatisation
- soundly based economic development

Progress in these areas requires **more than** the establishment of appropriate laws and institutions. It requires these new institutions to be actively used - by people willing to take initiatives and to work with other people to achieve new things.

The centralised systems which have been in place in Central Europe discouraged people from taking initiatives. They encouraged, instead, fatalism and passiveness - and a variety of manoeuvres and "double-speak" to get what one needs.

Such "coping" techniques do not die easily - particularly where the old bureaucratic structures and personnel are slow to go. And the **habits of working creatively and openly with others to get things done in the public domain** do not grow easily again - particularly when the new climate is celebrating the individual and competition in both the political and economic field.

Few people in the West seem to appreciate that moving from a centralised, totalitarian system to a more pluralistic one with a real and active market system in which citizens more confidently take initiatives - whether personal (complaints); economic (starting their own business); political (lobbying); or social (NGO) - is a task which **has never really been undertaken on this scale before**. The major constitutional and economic changes introduced in post-war Germany, for example, were built on the memory of autonomous political and economic systems which Hungary and Poland had at least a decade of economic and political preparation for the eventual fall of the Wall.

What is also insufficiently appreciated is that the way each country exited from state socialism has profoundly affected the approach taken in each country to the reform process. David Stark and Laszlo Bruszt argue that "**the diverse paths of extrication from state socialism yield distinctive patterns across a triangle formed by the state, the market and society**" -

- **reunification** in Germany with subsequent colonisation from the West; incorporation meant confidence in the state but deep distrust of society. German leadership used the state to try to transform both the economy and society. The Treuhand **in East Germany** had dramatically to alter its mission as the market for companies so quickly collapsed - and as the politicians of the new Laender and the increasingly powerful Unions had to be reckoned with.
- **capitulation** in Czechoslovakia - after decades of serious suppression of civil society - and a fast build-up of a very new political system. "Unlike the Germans they lack a strong state; yet unlike the Poles, they are not faced with strong civil society institutions that might negate their leadership. Czech political leadership attempted to use the market to transform the economy". Political leadership in the **Czech** republic used the rhetoric of neo-liberalism to conceal a pragmatic defence of employment. Despite Klaus' arrogance, the electoral system forced him to compromise - and the complex system of incremental bidding on which the voucher system was based has effectively

and paradoxically returned companies to the State - via the 10 or so National Funds owned by the Banks backed up by the State. Havel's eloquent 1998 address to the Czech Parliament reflects the frustrations in that country (see later).

- **compromise** in Poland leading to a compromised parliament and a nation-wide (but weakening) workers' movement. "Whereas the Czech voucher system was a means of achieving a market that is self-legitimising, the Polish citizenship vouchers were intended to legitimise the market"
- **electoral competition** in Hungary with the opposition winning power before it had roots in society, the fragmentation of the unions and the enterprise managers emerging as the most powerful social actors in society. "The Hungarian elite distrusted the market - and was also uncertain about society's trust in its leadership. Lacking strong intermediary institutions with which it could negotiate, the elite had few means of knowing the limits of society's tolerance. It therefore avoided decisive steps for fear of the reaction" - stumbling from one crisis reaction to another. Managers of State agencies were quick to take advantage of pre 1989 legislation to establish, with state assets, free-standing companies - leading to a complex pattern of interlocking ownership - with the State, however, still there to bail out. Governments (notwithstanding the high calibre of the bureaucracy) were slow to develop coherent policy, slow to implement it and fast to change it - with no social dialogue (the constitution and electoral system give the PM huge powers).

(the authors also looks at the "policy coherence" of reform in the countries and challenges the view that a strong Executive helps develop a clear and sustained reform process. He suggests that the strong Hungarian Executive has meant insufficient testing of proposals in negotiating forums with incoherent drift as a result. Against this, of course, one can argue that the mixture of strong parliaments and multi-party coalitions found in countries such as Romania and Latvia creates policy gridlock.)

The basic question their analysis leaves us with (assuming its validity!) is the extent to which the balance of forces created by the specific historical circumstances of the 1980s and early 1990s are now immutable? And, if not, how a healthier balance might be created?

2. RETHINKING THE ROLES OF THE 3 SECTORS

Such a perspective is interesting for the light it seems to throw on the different trajectories of change in the different countries. The interaction between the three sectors, however, also helps make sense of wider attitude changes in the West during the 1990s which is an important phenomenon for those now building their own systems -

- Loss of confidence in politicians and the state
- Misgivings about the market
- Increased activity of a "third" sector

2.1 Suspicion of the State

In both Western and Central Europe, people are suspicious of government actions and organisations - in Central Europe with more obvious reason!

Bureaucracy is, by its nature, inflexible (see JQ Wilson for the classic analysis) and, by virtue of its monopoly position, the expertise and experience residing in it can easily become complacent.

One of the functions of the **political** process in a pluralistic system is to challenge that complacency - and make things more transparent. But the paramount driving force of the political system is political ambition - the desire to capture and retain power for a party and its leaders. That often leads to a mixture of childish and devious behaviour which has alienated the public.

In Western Europe -

The operation of state structures has reflected an amalgam of political and professional definitions of the "public good" which have often excluded the public.

In the past two decades the closed manner in which politicians and professionals have defined the public good has been profoundly challenged in **Western Europe** - and new mechanisms are now being developed (Foster and Plowden) aimed at making public services more "user-friendly" but give the public more choice.

There is still considerable debate about the results of the major institutional changes to which this has led - and choices on both the content and process of change (Pollitt). One recent study focussed on the "Street Level Public Organisation" (SLPO) as the basic unit of "core public services (schools, police stations, hospitals) and suggests that reform works only if there is a consensus attempted between government, the professionals and the involved public (McKevitt).

Central Europe countries

have three particular conditions whose cumulative effect is to breed **deep cynicism** about **the political system** -

- Public disputation - the experience of debating public issues in the open - is still something new. Political *disputes are therefore personalised*. The public is still unsure of whose voice to trust.
- Those in power have *strong opportunities and incentives to abuse their positions for personal gain*. The legislation and machinery for privatisation is still unclear - and processes of transparency and accountability in government not yet in place.
- Even well-intentioned politicians find their time taken up by crises and negotiations with international bodies (such as the IMF and EU) and have *no time left to ensure the 3 things required by good government* - (i) coherent (and agreed) programmes which (ii) reflect public concerns - (iii) effectively and flexibly implemented.

And the bureaucracy has, for almost 50 years, been **an integral part of a very closed political system** and even now, after 9 years of a more competitive struggle for political votes, is deeply affected by clientism. Ministries still work in traditional styles -

- **hierarchical** (no real questioning or encouragement of creative/lateral thinking)
- **closed** (reluctant to work with other Ministries - or consult with social partners)
- **over-legalistic** (too much attention to legal detail and insufficient attention to policy aims and options - and to the practical realities of project management and implementation) As a result discussions often get lost in detail.

- **non-existent personnel management** (poor recruitment procedures ; lack of guidance and encouragement for staff etc)

The lack of trust people in Central Europe have of the state (Rose) therefore reflects *two things* -

(a) their **daily experiences** of the insensitivity they experience from so many (but not all!) harassed officials **in various public offices**

(b) their perception that the **political system is mired in conflict, corruption and crisis** management.

2.2 Caution about the Market

The driving force of the second sector (commercial organisations in the market) is profit - subsequently distributed to the owners (shareholders) of the companies.

It is perhaps insufficiently appreciated in Central Europe that the market delivers real consumer satisfaction only if at least three stringent conditions are met -

- there is a reasonable amount of competition (so often the competition in the West has been oligopolistic)
- there is information (how do people choose between so many producers of computers without the intensive consumer tests done by specialist magazines?)
- there is reasonable equity of purchasing power (and in both Central and Western Europe income inequalities have been growing)

It is only in the **last decade or so that technical changes have given consumers in the West real choice**; and the income levels (and crime rates) in many poor urban areas has discouraged commercial investment (even on a small scale). Such areas have therefore been denied some basic facilities in the West (Rowntree).

Clearly **income and information deficiencies make choice virtually non-existent for Central European consumers** who are (and feel) generally exploited by a commercial sector which is in essence more of a trading - than producing - system. And generally interested in fast profits (while the going is good) rather than building up loyal customers on the contemporary western model. And profits, moreover, which are reaped generally by the nomenklatura of the previous regimes who were in a good position to use their networks to take advantage of the privatisation process. And whose continuing political connections tend to block serious considerations of different ownership options.

In a recent book, Jeff Gates (not to be confused with Bill!) has expressed regret that so little of the technical advice given to Central and East Europe has offered the employee-ownership as an option. Instead, the West has accepted the pathetic argument that the development of a market economy required the rapid growth of a "nouveaux riches" class - and that it was a bit purist to expect Western standards of fairness and honesty in the acquisition of these riches. Clearly there are options - which the West has been reluctant to publicise for fear that they would be used by the old guard to rationalise old methods.

2.3 CIVIL SOCIETY - a "third" sector crucial to the reform effort

It is these problems of the "first two" sectors that creates the market opportunity or need for a "third sector", "voluntary organisations", "civil society". The choice of terms available reflects the larger confusion.

As later chapters go into the detail of reforming the machinery of government, I shall try in the remainder of this section to indicate why the development of this sector is important to economic and political reform.

An NGO is, literally, **non-governmental** - ie it is defined by what it is not. It is not (or should not be) driven by considerations of party politics or bureaucratic procedures. But the negative definition goes further - an NGO is also **non-profit**. Not in the sense that it cannot on occasion charge for certain services (eg training) but in the sense that its motive for existing and doing the basic things it does are not commercial but altruistic. It exists and acts because it cares - for example about the inability of either public services or the market to provide a decent environment and security in poorer urban areas. The driving force of an NGO is (or should be) its commitment to its client group or "cause". By virtue of their different motivation and loyalties, NGOs have traditionally performed an important function in policy development - as well as service provision - in EU countries. They have brought people into the shaping of policy who would not otherwise have become involved. This has enriched both the stock of both new ideas and people on which an effective democracy depends.

Clearly **Central Europe** offers considerable scope for voluntary activity - from those who recognise the present inability of the market or the state to deal with issues they care about - disabled people; young people at risk; local safety etc

Voluntary activity, however, requires time and self-confidence from the volunteer both of which are in short supply in societies characterised by the struggle for survival. This has implications for the nature and role of NGOs which donors need to be more sensitive to.

The West was very quick to offer Central Europe support for the non-governmental sector. Although the machinery of government was needed to carry out the systemic institutional changes which were urgently required to create an operational market democracy, there was initial ambivalence about support for public administration reform. The state structures were, after all, badly compromised; and the West has learned the hard way about the difficulties of reform from within (Caiden). The role of an active "Civil society" in giving the networks and confidence to challenge the complacency of politicians and bureaucrats had also been learned in the West in the 1970s and 1980s and seemed all the more necessary for Central Europe.

Certainly ordinary people in Western Europe were moved to make donations to Western NGOs to funnel to the new Central European NGOs springing up to deal with a variety of social crises which received the attention of Western media in the early 1990s (before Yugoslavia beckoned!). The Soros Foundation has been active in the development of civil society. And the European Parliament insisted in the mid 1990s that some of the PHARE money be made available to assist the development of policy skills and experience outside the formal political system.

The development of Central European NGOs is now, as a result, an attractive area for young professionals to work in - who have learned to expect more job autonomy and satisfaction than is yet available in the public sector or business.

And if some of the staff move from the NGO sector into the private or political sector, this is part of the key function potentially being performed by some NGOs in Central Europe - assisting into existence a professional and ethically-responsible cadre of business and political leaders.

But that does leave a big gap in work amongst ordinary people in both urban and rural areas. Here too, therefore, there are options.

NGOs in Western Europe

The development of the third sector (or NGOs) in the West has been shaped by the wider social system (and its underlying social values) in which they have operated. Their current role, structure and funding therefore vary significantly from country to country.

Anglo-Saxon countries with their stronger individualistic philosophies have, for example, been more ruthless in sacrificing significant sections of their population to achieve the changes demanded of the market than the French, for example, whose more inclusive social philosophy has been profoundly affected by Catholicism (Perri 6). This has shaped three different types of "voluntary organisation" in those countries

- The poverty and inequity this created in Victorian times was the context creating the first wave of philanthropy in both Britain and America. The driving force here was the conscience of those who had achieved - and wanted to return something to society. Carnegie, Ford and Rockefeller in the States; Gulbenkian in Portugal; Rowntree and Cadbury in Britain - these were the more visible expressions of an concern about poverty which found expression itself in voluntary middle-class fund-raising on behalf of the local poor. Subsequently many of the larger Foundations funded more policy-oriented activities - including Think-Tanks (Cockett).
- The second wave of NGOs came in the late 1960s as the post-war Generation educated in the new social sciences challenged the conventional wisdom of the Cold-War generation. Its driving force was political idealism - and its focus successively the nuclear bomb; homelessness; and ecology. Their aim was nothing less than fundamental changes in policies and systems. And they have generally succeeded - witness the effect of environmentalists on both business and politics.
- The concerns (and in some cases the personnel) then released found a focus in the social inequalities at a more local level - through the new profession of social and community work which developed strongly in Britain as a result of highly innovative social welfare legislation in the late 1960s. Many community workers were appointed by municipalities in the 1980s to act as advisers to small groups of residents trying to improve conditions in housing estates with high unemployment and poor social conditions. The best of such work has produced inspiring examples of local initiatives (Gibson). Britain has only recently recognised the critical role such "social entrepreneurs" play (Demos). The driving force for this type of activity has been a mixture of salary and professional pride.

Governments have been happy to support many of these developments, the motives being-

- their recognition that NGOs, by virtue of being non-governmental, were **more responsive to need**. They can react faster.
- they can be **more innovative** in their practice since they are not so publicly accountable : and can therefore offer the public sector pilot experience
- they are **closer to the customer** : and can offer public services important and objective critiques.
- the NGOs are using the **free resources of volunteers**; that, indeed, is seen as their main feature - that they can activate the energy and commitment of ordinary people
- support for citizen organisations gives governments a **positive image** for support of pluralism (ie diversity)
- the management has a **higher degree of commitment** than has traditionally been found in a bureaucracy

NGOs in Western Europe can be classified in various ways - one is according to their purpose and funding source

Purpose Sources of Funds	<u>Ideas</u>	<u>Services</u>	<u>Lobbying</u>
Fund-Raising	"Greenpeace"	Red Cross	Shelter
Grants (Govt/ International)	Think Tanks	Pre-School groups	Community Organisations
Charging (workshops/ publications)	Think-Tanks	Sheltered homes for vulnerable elderly	Big business

NGOs In Central Europe

Four very different types of structure can be found using the NGO label -

- National Foundations with a strong pluralistic mission (ie to help develop democratic activities and values and civil society). They are usually well-resourced (from external sources, both NGO and official) and staffed with highly educated young professionals. They may or may not have local branches. Much of their activity is training - and quasi-commercial. Some other Foundations, however are more ideological.
- National Foundations with a "service" mission (ie to advance the interests of a particular disadvantaged group such as the handicapped). These have a strong voluntary input - particularly at the local level which is one of their basic features and have attracted external (but now declining) NGO funding.
- Local Community and Neighbourhood Organisations - concerned to improve the conditions for a geographical community, in the first instance perhaps concentrating on such groups as the unemployed or young people. Such organisations are not, however, at the moment generally very evident.
- "Front" organisations - which use the NGO framework to pursue aims which do not actually belong to the sector. These are concerned simply to make money for the individuals establishing them (getting round the tax or import laws). Such practices

have been exposed in the media - and have unfortunately given NGOs as a whole a negative image.

Official statistics suggest there are 50,000 NGOs in Romania, for example - but it is clear that a large number of these exist on paper only. It would appear that there are about 5,000 real and active NGOs in the country - largely in the urban areas - although a new Fund for Social Development is now trying to encourage their establishment in rural areas.

Many foreign NGOs tend to assume that their experience can simply be replicated here in Central Europe. This is, however, ethnocentrism of the worst sense. The questions which need to be posed about NGOs in Central Europe are -

- What sorts of gaps exist in the development of the market and government systems which it seems reasonable to expect the NGO sector to fill? And, looking ahead, how will things change?
- Where do NGOs get their funding from - with what implications for their loyalties and accountabilities?
- What is the motivation of external funders in encouraging the development of NGOs here?
- What is the balance of motivation amongst those who drive NGOs here? To what extent idealism? To what extent salary and ambition?
- And what does this imply for the role of NGOs?

3. HOW CAN INDIVIDUALS "make a difference"?

It is not easy for ordinary citizens to persuade others to come together to tackle a local problem. The struggle for survival does not leave much energy for such altruistic activities - which are also now tainted somewhat by the way communist regimes tried to mobilise people's time and energy in the past - "for the good of the socialist state".

The Long Journey begins with a single step!

It wasn't laws which established the splendour of Victorian Cities. It was the local initiatives of people who cared - whether business people or doctors who saw that things like clean water and decent housing contributed more to health than what they provided!

It is individuals who care who make the difference. But they need support - and realistically that comes initially from outside the organisation.

That's one of the reasons why it makes sense for post-Communist countries to give more emphasis to local government - and to encourage councils to start building links at the local level. But it is important that the NGOs also see it that way - as helping the local councils better achieve community objectives. Understandably, at the moment, a lot of them see it the other way around, as the council giving them free premises and grants. The sort of partnership I am suggesting is necessary will perhaps require NGOs to improve their own links - to allow them to identify where the change agents are who need and deserve support; and encourage their members at the local level to supply it.

Although academics and others scoff at such texts, I strongly recommend Covey's <u>Seven Habits of Highly Effective People</u> (Simon and Schuster 1991) - available in most Central European languages.
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- be pro-active
- begin with the end in mind
- put first things first
- think win/win
- seek first to understand : then to be understood
- synergise
- "sharpen the saw" - ie keep mentally and physically fit

Local Leadership

The USA has a simple but powerful project based on a local University which invited younger middle-level managers in the various sectors of a city to apply for a rather special type of course. It brings together about 20 individuals - covering the sectors of trade unionism, business, public service, politics, NGOs, journalism and religious orders - for a day a fortnight over a year to study together the problems of their city; to visit various projects and key organisations and to produce recommendations for change. The main effect of "**Leadership Inc**" was twofold -

- to help leaders of the future better to understand the worlds and concerns of those from other sectors
- to build personal networks which helped partnership

Support some pilot work

Identify clearly the preconditions and constraints for "working together" and select one site where the preconditions give cause for confidence about local partnership. Then set up a pilot action. And publicise its success - people elsewhere will then begin to ask why they too cannot have such a scheme and will want to know how it was done. Remember nothing succeeds like success!

Give more emphasis to two sorts of NGOs

- at the national level "**Think-Tanks**" like the IEA which produced in Britain the ideas and drive for the Thatcher revolution and, on completely another scale, like SHELTER which skilfully used the media and campaigns to shame governments into doing more for the homeless. Ironically Central Europe has had a surfeit of advice on social marketing, lobbying. It's the vision thing they lack - and the conditions and logistics of sound project management
- at a local level **community organisations** which channel people's energies to the improvement of things they care about locally. There is perhaps too much individual twinning of specialised Western and Central European NGOs and insufficient input from the development NGO consortia (such as Euforic and One World) which are now working so effectively in other parts of the globe with a new agenda. There is a danger of Central Europe reinventing the broken wheel!

Establish independent Commissions to take stock of progress locally and nationally and help establish clear options for advance.

A sense of purpose (if not vision) is needed for local action. At the moment it is too easy for everyone to point to the lack of money, legal confusion, poor management etc and to sit back and wait for this to change! For a long time I have felt that one of the things missing

in many of the CE countries was a high-profile report on local democracy and development, carrying a strong consensus, which did such things as -

- clearly described the stage reached here (both strong and weak points)
- gave examples of good practice
- indicated the stages needed for further development
- described the different options

In Romania for example, this could build, for example, on the excellent position statements on "Local Development" and "Local Democracy" prepared for the major conference held in November 1993 and sponsored by the Romanian President, The EU, The World Bank and the Council of Europe. It would require a careful mapping of the roles (existing and changing) of the different types of local public administration; and an assessment of the implications of such recent developments as the 8 Macro-Regions recently announced there. A few individuals caring enough about local action could start the ball rolling; they could draft the basic idea and then identify and approach the individuals with the respect and neutrality necessary to give the venture the necessary credibility.

4. DEVELOPING STRATEGIES FOR ACTION

The tenth anniversary of the collapse of the communist regimes offers an important opportunity for each country to take public stock of the point it has reached. And to start using a more inclusive process to generate wider understanding, involvement and, hopefully, shared agendas.

There are a lot of international "league tables" around which purport to compare the economic and political progress of countries - eg the EBRD indices of economic progress; Freedom House "Report-Cards" on liberties etc. The European Union 1997 Opinions and yearly updates are more detailed - and give a better sense of the progress over time a country is making.

Various recent books also use different criteria to try to measure the extent of progress to democracy. One uses four criteria -

- | |
|--|
| <ol style="list-style-type: none">1. does the government accept the constraints of the rule of law?2. do institutions of civil society operate free of government control?3. are there free and fair elections with mass suffrage?4. is control of government held by officials accountable to the electorate directly or through a representative parliament? (Rose) |
|--|

Another suggests seven criteria -

- | |
|--|
| <ol style="list-style-type: none">1. competitive election of ruling elites, and political pluralism more generally: the latter includes a plurality of non-exclusive political parties, and elections that are held regularly, reasonably frequently, and that are genuinely competitive and secret;2. a division of powers between the two or three main arms of the formal ruling part of the political system (i.e. the legislative, executive and possibly judicial arms), and a system of checks and balances; |
|--|

3. a pluralistic approach to socialisation, especially in the areas of education and the mass media; moreover, these two areas must be free to question and criticise the regime and system;
4. full acceptance by both the state and society of diverse belief systems, notably religious, within the limits of the law;
5. respect for minority rights;
6. the rule of law;
7. a dominant political culture that both accepts and expects the first six points, and that encourages (and legitimises) political participation. (L Holmes)

The results of these (and other) tests are all very interesting. The real question, however, is-

- Are such assessments are being actively used **within each country**?
- Initiated by whom?
- How inclusively?
- How regularly?
- How effectively?

Where are the assessments on the progress being made in achieving sustainable institutions and policies to ensure the achievement of agreed human goals? And where are the forums which can help establish some consensus about the need and scope for change? Open processes are needed both to deal with the dangerous cynicism - and to engage people's ideas and energies.

And three key questions should be addressed -

- **How are we doing?**
- **What should be changed?**
- **How can I contribute?**

SOME NOTES ON DEVELOPING A STRATEGY

1.1 Most "strategy" papers are a waste of time. For one of two reasons -

- they simply try to put some good rhetoric on projects which express the interests of existing producer groups
- or they are written by well-intentioned people who have no power to make things happen.

1.2 The test for any strategy paper must be - will it help make positive things happen - which would not otherwise ?

1.3 And we need to realise that it is not the bit of paper which produces such a result - but the process which has been used to produce it. That process has to be both **RIGOROUS** and **CONSENSUAL**.

It has, on the one hand, to have the **courage to raise difficult issues about present performance** and the need for a **limited selection of priorities** ("RIGOUR") eg -

- Clear Picture of the local context - now and in the future.
- Lessons from recent local measures : ie how can we improve their efficiency ?

On the other hand, it **needs to obtain the support of those whose interests are being challenged by change** ('CONSENSUAL").

- Consensus on principles for effective self-sustaining measures
- Need to select limited number of strategic priorities for action
- link short-term, medium-term and long-term measures in a coherent way
- realism about time needed for certain changes
- Good personal and organisational communications

I would urge those embarking on local endeavours to have regard for the following points -

Strategy is rooted firmly in the present !

It begins with a clear picture of the context - now and in the future. It should build on the Strengths and Opportunities, marginalise the Weaknesses and Threats.

And in an understanding of the recent past

Actions should build on the lessons from recent measures. This means taking the trouble to find out what exactly happened? What was intended? Who had the responsibility for action? What were the results? Why? What would we do differently if we were starting again?

Don't try to reinvent the wheel!

There is now a rich literature of case studies showing how other areas have dealt with the sort of problem you face. Read this and adapt to your particular circumstances!

Select a limited number of strategic priorities for action.

- Producing a large "shopping list" of projects may keep local interests happy but simply leaves fate to take the difficult decisions!
- proper use of SWOT analysis should help select those priorities : this means asking which features of the local situation most urgently need changing to deal with the **external threats and opportunities.**

Be clear about what you can do yourself: and where you need external assistance

Develop **clear criteria for the selection of projects within the chosen programme priorities**

- and ensure they are used : initially by an independent technical assessment panel

Construct **effective management structures** for programmes.

- specify clearly **who** does **what** - by when (ie "work-programmes")

Pay attention to the need for good personal and organisational communications

- newsletters
- consultative conferences
- enlist the support of mass media in the venture !

For more detail, see -

Bryson J

Crosby B Leadership for the Common Good (Jossey Bass 1992)

- the first real step-by-step manual of change for those operating in the public domain and who want to put together an effective "constituency" of change

Weisbord M Discovering Common Ground (Berrett-Koehler SF 1992)

- explains the "search conference" approach to strategic development – and gives many case-studies.

Bibliography on “POST-COMMUNIST” REFORM PROCESS

Agh Attila The Politics of Central Europe (Sage 1998)

- The first textbook on the subject written by a Central European (if one excludes such key emigres as Tismaneanu). The scope is comprehensive (as is the data) on such issues as

- The triple transition
- Building institutional democracy – parliamentary and presidential systems
- The role of the political parties – political culture and electoral behaviour
- Re-democratisation in Central Europe
- Democratisation in the Balkans
- The future of democracy in CE and the Balkans

And he brings – as a “local” – a fresh perspective to an area which was in danger of being colonised. Elster and Offe is the other text I would recommend – although it is more reflective of outsiders trying to make sense of the events of the transition.

Balcerowitz L. Socialism, Capitalism, Transformation (Central European Press 1995)

- now Leader of the Polish Freedom Union party (and Deputy Prime Minister and Minister of Finance in the post 1989 government) Balcerowitz remains also an academic economist interested in the development process. This is a collection of his papers of the past ten years. Must be rated as the most essential reading about the strategic choices during this period; and gives some useful concepts for debate about the events. Chapter Nine (“Understanding Post-Communist Transitions”) places the post-1989 transition in the wider context of other political or economic transformations - to establish its uniqueness - indicates “three main fields of policy which determine the process”

macroeconomic stabilisation (S policy)

microeconomic liberalisation (L policy ; which enlarges the scope of economic freedom by removing state restrictions eg on setting prices or private operations)

fundamental institutional restructuring (I policy ; privatisation, stock exchange, reorganisation etc)

As he later argues (chapter 13), the shape and speed of implementation varies in each country, depending on factors distinctive to each country. He then offers a simplified schema to help analysis of economic strategies for particular countries, suggesting that **outcomes are caused by the interaction of (a) the initial and inherited position (b) exogenous developments and (c) policies.**

Chapter Ten (“Economic Transition in CEC : Comparisons and Lessons”) elaborates this and represents the heart of the book. One of the interesting concepts is that of “hidden treasures” (“a composite of such enduring inherited conditions as small size, historical jewels and location” - eg Czech Republic - but also including human capital). And its opposite - “hidden burdens” (such as the economy’s dependence on military production). “Macroeconomic stabilisation, microeconomic liberalisation (except in the labour market and possibly the credit market) and privatisation are the main processes of change where the radical approach seems to work the best. But there are others, including tax reform and the early establishment of genuine local government, which are important from both an economic and a political point of view - if not offering short-cuts”

He then offers a succinct definition of the role of the State for Central Europe - “The proper view of the state should consider two fundamental premises - (a) the state has only limited resources of time, administrative capacity and money and (b) the capacity of the state to deal with different problems varies, mainly because of varying informational requirements.”

These explain why a well-focussed state is even more necessary in transition economies than in established market economies. State resources in transition economies are much more limited ; while the fundamental tasks of systemic transformation and monetary stabilisation are far greater than in any developed market economy.”

Chapter Twelve (“Macropolicies in Transition to a Market Economy ; a three-year perspective”) discusses the various strategies of the Central European countries, concluding with ten lessons -

- radical is less risky
- there is no simple link between type of reform and political stability
- don’t fine-tune at the start
- monetary and fiscal policy can stabilise in transition
- wage controls are vital
- liberalisation enforces stabilisation
- exchange rate pegs depend on inflationary expectations
- radical stabilisation and liberalisation policy encourages recovery and transition
- after initial stabilisation, credible sustainable reform requires a strong growth response by the private sector; fiscal reform and some external support
- initial failures are not an argument against continuing institutional restructuring and liberalisation

Chapter Thirteen - "Common Fallacies in the debate on the economic transformation in Central and Eastern Europe" - has a useful discussion about the implications of the variable "speed" of change of the S,L and I policies (see above), indicating that "at their core are the inherent human limitations of information processing and learning"

Bird RM, Ebel RD
and Wallich CI Decentralisation of the Socialist State - intergovernmental finance in transition economies (World Bank, Avebury 1996)

Blecher R. China Against the Tides (Pinter 1997)

Blejer M. and
Coricelli The Making of Economic Reform in Eastern Europe : Conversations with leading Reformers in Poland, Hungary and the Czech Republic (Elgar 1995)

Coulsen (ed) Local Government in Eastern Europe : establishing democracy at the grassroots (Elgar 1995)

Culplan R (ed) Transformation Management in PostCommunist Countries - organisational requirements for a market economy (Quorum Books 1995)

Buraway M and
Verdery K Uncertain Transitions - Ethnographies of Change in the Postsocialist World (Rowman/Littlefield 1999)

CCET Transition at the Local Level (OECD 1996)

Darwisha K and
Parrott B Democracy and Authority in post-communist societies (Cambridge UP)

Elster J,
Offe C Institutional Design in Post-Communist Societies - Rebuilding the Ship at Sea (CUP 1998)
- the only book so far which gives a rigorous and detailed assessment of how the triple revolution has been undertaken - in Czech Republic, Hungary, Slovakia and Bulgaria (the finishing order in the final assessment!). As befits a book written by two political scientists and a lawyer, it is stronger on the political, constitutional and social than the economic - but offers a provocative framework for considering the extent of the consolidation which has taken place. Agh (above) gives more of the political detail and a more local perspective.

Eyal G, Szelenyi I
Townsend E Making Capitalism Without Capitalists - the New Ruling Elites in Eastern Europe (Verso 1999)

Fingleton J. Competition Policy and the Transformation of Central Europe (CEPR 1995)
Fox E and Neven D

Frydman R
Murphy et al Capitalism with a Comrade's Face: Studies in the Postcommunist Transition (Central European Press 1998)
- probably the most accessible of the economic texts.

Linz J and
Stepan A Problems of Democratic Transition and Consolidation – S Europe, S America and post-communist Europe (John Hopkins 1996)

- a remarkable and definitive book – which initially establishes the basic classifications to conduct the assessments on the extent to which the transformations are consolidated and then analyses each country and region in considerable detail and profundity. They suggest a four-part classification for non-democratic regimes

- Authoritarian
- Totalitarian
- Post-totalitarian
- sultanistic

A "consolidated" democracy is one which combines behavioural (elite), attitudinal (public) and constitutional elements. Five conditions are suggested -

- Free and lively civil society
- Relatively autonomous and valued political society
- Rule of law to ensure legal guarantees for citizens' freedoms and independent associational life

- Usable state bureaucracy
- Institutionalised economic society

Each of these interacts with the others - and affects the outcome of transition. They also bring in five other important, but less major, variables - (a) the leadership basis of the prior regime, (b) who controls the transition, (c) international influences, (c) political economy of legitimacy and coercion (relationship between citizen perceptions of economic efficacy and of regime legitimacy) and (e) constitution-making environments.

An institutional approach is taken - which allows them to suggest that Havel's decision in 1990-91 of not reforming the Federal constitution (compared with the Spanish determination to get that issue out of the way before elections) led directly to the Velvet divorce. Such an approach does give a satisfactory balance in the argument between "path-dependent" choices and areas of autonomy where political leaders had real choices.

This study is the culmination of a lifetime's study of the transformation process; is written elegantly and with very detailed references for follow-up study. A veritable encyclopaedia!

Lowehard J. The Reincarnation of Russia – struggling with the legacy of communism 1990-1994 (Duke 1995)

Rose R, Mishler

and Haerpfer C Democracy and its alternatives - understanding post-communist societies
(Polity 1998)

- a very useful starter for those unfamiliar with Central Europe, this book is based on the findings of the New Democracies Barometer which has, since 1991, polled public opinion in post-communist countries about the strength of attitudes (of various groups) to the new political and economic regimes. It suggests that four features are of central importance in assessing regimes -

1. does the government accept the constraints of the rule of law?
2. do institutions of civil society operate free of government control?
3. are there free and fair elections with mass suffrage?
4. is control of government held by officials accountable to the electorate directly or through a representative parliament?

The book explores both demand and side aspects; is positive about the rising demand for democracy; and about the unlikelihood of undemocratic regimes supplanting the present systems but suggests that certain countries are doomed to "broken-backed democracy".

Stark D

Bruszt L. Postsocialist Pathways - transforming politics and property in East Central Europe (Cambridge 1998)

- an American economic sociologist and a Hungarian political scientist have produced one of the few books which grapples realistically with the key dilemma confronting Central Europe - can the transformation of property regimes and the extension of citizenship rights be achieved simultaneously?

They look at the experience of privatisation in three countries - Hungary, East Germany and the Czech Republic - initially at the terms in which the debate on various options was couched (with a more sustained debate in Hungary).

Tismaneanu Reinventing Politics; East Europe from Stalin to Havel (Free Press 1993)

Fantasies of Salvation; democracy, nationalism and myth in post-Communist Europe (Princeton 1998)

- one of the most insightful commentators of the area - although curiously neglected in the literature!

Verdery K. What was Socialism, and what comes next? (Princeton 1996)

- the author was one of the few Western anthropologists who was allowed to do fieldwork in Central Europe - first in the 1970s (on Transylvanian villages) and then during the 1980s - and this is a fascinating collection of essays which give new perspectives on the "transition" process (the last chapter is entitled "A Transition from Socialism to Feudalism?"). She gives powerful vignettes of how the Ceaucescu regime "stole people's bodies and time" and suggestive reflections on the language and symbolism of post-socialist nationalist parties in Central European countries (anti women she suggest as partly a reaction to the socialist push to equality). But the centrepieces are the essay on "**The Elasticity of Land** - problems of property restitution in Transylvania" and the piece on "Faith, Hope and **Caritas** in the Land of the Pyramids" - the first based on close study on how the Land Commission in her area carried out its work (how arbitrary and corrupt the local commune officials were); the second on the attitudes to and learning about money represented by the pyramid scheme based in Cluj during 1990-94.

The Political Lives of Dead Bodies - reburial and post-Socialist change (Columbia 1999)

Articles

Diamond

Havel V The Sad State of the Republic - Presidential address to the Czech Parliament (New York Review of Books
March 2 1998)

- a powerful and typically clear and painfully honest assessment of the progress made after 7 years of freedom. Little wonder that he so unpopular amongst the political class! Could well serve as a benchmark for all transition countries.

Holmes L. “The Democratic State or State Democracy? Problems of Post-Communist Transition” (Jean Monnet paper,
European University 1997)

- A very helpful overview of progress in the various post-communist countries, using the following criteria

TWO SNAPSHOTS

As a bridge between the previous chapter and the next, I include two very different working documents which illustrate the issues addressed in this book.

1. HAVEL'S 1997 ADDRESS TO THE CZECH PARLIAMENT

In November 1997, the Czech government, led by Prime Minister Václav Klaus, was forced to resign in the wake of allegations that, among other things, the Civic Democratic Party, led by Klaus, had access to a slush fund held in an unauthorized Swiss bank account. In the period between those resignations and the appointment of an interim government, President Havel, who had recently been released from hospital and was recuperating from pneumonia, delivered what is, in effect, a state of the union speech to the Parliament and Senate of the Czech Republic on December 9.

His address is powerful commentary on the themes of this chapter and a superb example of personal stocktaking.

Senators, Members of Parliament, Members of the Government -

With a certain degree of simplification it can be said that the life of our society—just as the life of any society under any circumstances—has two faces, one of which, in one way or another, is visible through the other.

The first face consists of the things people do: they go to work, with varying degrees of success, they engage in business, they marry or they divorce, they have children or remain childless, they associate in various ways, they go on holidays abroad, they read books or watch television and, if they're younger than most of us, they go dancing in discotheques. All things considered, I think our everyday life is incomparably better and richer now than it was in times when almost everything was forbidden and almost everyone was afraid to say aloud what he or she really thought.

The life of our society, however, has another face, which we might describe as the relationship of citizens to their state, to the social system, to the climate of public life, to politics. It is our primary responsibility to concern ourselves with this second face, to try to understand why it is so gloomy and to think about ways to brighten it up—at least a little.

At present, this face is, in fact, quite glum. Many people—and public opinion polls confirm this—are upset, disappointed, or even disgusted with social conditions in our country. Many people believe that once again — democracy or not—there are people in power who cannot be trusted, who are concerned more with their own advantage than they are with the general interest. Many are convinced that honest business people operate at a disadvantage, while dishonest profiteers get the green light. The belief prevails that in this country it pays to lie and steal, that many politicians and civil servants are on the take, and that political parties—though they all, without exception, declare their intentions honourable—are secretly manipulated by shady financial cabals. After eight years of trying to build a market economy, many people wonder why our economy is still doing so poorly that the government must frequently cobble together hastily arranged budget amendments to deal with shortfalls. They wonder why we are choking in smog when so much is apparently being spent on the environment, why prices, including rents and utilities, are rising faster than pensions and social benefits. They wonder why we should have to be afraid to walk at night in the centres of our cities and towns, why almost nothing but banks, hotels, and mansions for the rich are being built, and so on. In short, more and more people are disgusted with policies they understandably and rightly hold responsible for all these unfortunate things, and

although they freely elected us, they regard us all with suspicion, if not outright repugnance.

Don't worry, I'm not about to undertake a lengthy sociological analysis of these ominous realities. I will mention only two causes, or more precisely, two sets of causes. The first set I would describe as "historical." This is a Czech variation of a phenomenon which, in varying degrees and in similar ways, has occurred in all the countries that have rid themselves of communism. It could be described as a post-Communist form of debilitation. Every judicious person must have known that something like this would happen. Few of us, however, foresaw how profound and serious this debilitation would be, or how long it would last. For, along with communism, the structure of daily values held in place by the system for decades collapsed overnight, and along with it the way of life that evolved from those structures collapsed as well. The "time of certainties"—certainties that were, to be sure, small-minded, banal, and suicidal for society, but certainties nonetheless—gave way to a time of freedom. To many, given their previous experience, this freedom must have seemed boundless and therefore utterly seductive. With it, completely new demands were placed on individual responsibility, and many found this responsibility unbearable. I sometimes compare this odd state to the psychosis that follows imprisonment, when a prisoner used to living for years in a narrow corridor of carefully devised rules suddenly finds himself in the strange landscape of freedom, where he must feel that everything is permitted, and at the same time is overwhelmed by the immense need to make decisions each day and take responsibility for them.

I would like to believe that young people who have grown up after the collapse of communism are free of this terrible post-Communist syndrome and I look forward to the day when they take public affairs into their own hands. For the time being, however, this is not the case and we can only remain perplexed at how long society is taking to adapt to the new and more natural conditions of life, and how profoundly the era of totalitarianism has seeped into our souls.

Of course, it would be unfair to blame everything—in a way so familiar to Marxists—on blind historical inevitability. A role no less important, and in some senses even more important, is played by a second set of causes. I refer to what we ourselves have wrought. When I say "we," I mean all of us who have served as elected representatives since November 1989, but chiefly those elected representatives of the independent Czech Republic. I mean all of us in a position to have had an influence on the course our country has taken over the past five years. At the same time I have no wish to single out anyone according to degree of responsibility or blame, however obvious it may be that some are more responsible than others. That's not the point here. The point is, at the very least, to identify our own faults.

It seems to me that our main fault was vanity. Since November 1989, the transformation processes unfolded in the Czech Republic more or less uninterrupted, undisturbed by major political upheavals. Thanks to this, we were genuinely further ahead in some things than other countries—or so it seemed at first. Very likely this went to our heads. We behaved like arrogant students at the top of their class or spoiled only children who feel superior to others and think they have the right to tell others what to do. This vanity combined in an odd way with petty bourgeois provincialism, an almost retrograde mentality. For example, we destroyed any pretence of close political cooperation with our closest neighbours—I have in mind what was called the Visegrad Group—because we saw ourselves as better than they were. Today, when we have been invited to enter the emerging European Community with them, and they, on the contrary, are further

ahead than we are in some things, we have had to struggle to renew that cooperation with them.

Many of us ridiculed anyone who spoke of global responsibility. They claimed that, as a small country, it was more appropriate for us to focus exclusively on our own small Czech problems. Today, we have to struggle to convince our people that we will only enjoy a guaranteed security if we are prepared to bear our share of the responsibility for Europe and the world, and we must persuade the North Atlantic alliance that we know this. We were hypnotized by our own macroeconomic indicators, heedless of the fact that sooner or later these indicators would also reveal what lay beyond the horizon of the economic or technocratic world view: that there are factors whose weight or significance no accountant can calculate, but which nevertheless create the only thinkable environment for any economic development—I mean the rules of the game, the rule of law, the moral order from which every system of governance derives and without which it cannot function, a climate of social concord.

The declared ideal of success and profit was defiled because we permitted a state of affairs in which the most immoral became the most successful and the greatest profits were made by thieves who stole with impunity. Under the cloak of an unqualified liberalism, which regarded any kind of economic controls or regulations as left-wing aberrations, the Marxist doctrine of the structure and the superstructure lived on, though paradoxically it was hidden from view. Morality, decency, humility before the order of nature, solidarity, concern for future generations, respect for the law, the culture of interpersonal relationships—all these and many similar things were trivialised as "superstructure," as icing on the cake, until at last we realised that there was nothing left to put the icing on: the forces of economic production themselves had been undermined. They were undermined because—with apologies to the atheists among you—they were not cultivated in the strict spirit of the divine commandments. Drunk with power and success, and spellbound by what a wonderful career move a political party was, many began—in an environment that made light of the law—to turn a blind eye to one thing and another, until at last they were confronted with scandals that brought into question our greatest reason for pride—the privatisation process.

Man is a social being. He needs to associate with others in a variety of ways. He needs to participate in public affairs, be it only in his own small world. He needs to work for the general good. That, too, was somehow forgotten. The phrase "the citizen and the state" was bandied about, but it had the effect of isolating the citizen rather than engaging him. And so, to cheer him up, and also because it seemed appropriate, the word "family" was sometimes thrown in. Otherwise there was nothing between the citizen and the state but a great wasteland. All that remained was the Party, with a capital "P." In the process, the necessary evil of local self-government was forced into the party yoke. Fortunately, it didn't entirely submit, with the result that today, local self-government is one of the healthiest sectors of the state.

And the state as such? It should be small but strong, they say. Yet I'm afraid the exact opposite is true: the state is large and weak, clearly because we didn't have the courage to confront its inherited form.

I could go on at some length, but I've come before you today not out of an obsessive need to lament, nor to pick masochistically at my wounds, nor even to flaunt the wisdom of hindsight, which in the end would only lend credence to the utterly false notion that we've lost everything and achieved nothing. I have come before you for another reason: to meditate briefly on what lies ahead and what we must do to transform the gloomy countenance of our common life to one with a sunnier disposition.

Since I love order, I will, with your permission, number my points. I can tell you in advance that there will be ten of them.

1) From what I have already said it should be clear which of the many tasks that lie before us I consider the most important. It seems to me that the government, regardless of who forms it, and you—senators and members of parliament, and all elected representatives at all levels, and indeed everyone active in public life—should say clearly to our fellow citizens that real human community and real prosperity are thinkable only if clear, good, and widely understandable and respected rules govern the various areas of life. Respect for those rules may of course be reinforced by the swift and strict punishment of their violation. But that is, and will always be, only a secondary measure. The most important thing is that this respect take root in people's minds so deeply that it becomes a matter of honour to observe the laws, not to flout or circumvent them. To put it another way: without a broad cultivation of the moral order, which alone can be the source of respect for the rules of human community, and thus as well the mortar of our civil society, we will have no chance of achieving social peace, stability, contentment, and prosperity. Today more than ever before, I am convinced that all of us who influence what goes on in this country must accept this principle as our own and attempt each day to imbue our political work with it. The citizens and the media must monitor us carefully, to see if we are really doing that job, and should they determine we are not, they must use every means the democratic system affords to replace us with better people.

2) The entire system of technical rules that governs our life together, that is, our legal order, must be infused with a spirit of justice and decency. You, the members of our parliament who pass the legislation that is binding on all citizens, have a singular role to play. At present, because of unprecedented changes within it, our legal system is extremely tangled and complex. Very few know how many laws are actually in effect, how many have been ended or superseded by other laws, and what binding regulations follow from them. Ever narrower areas of the law require experts to interpret them, and many of us today cannot get by without a lawyer or a team of legal advisors. I am deeply convinced that the clearer, more transparent, and comprehensible our legal system is to citizens, the greater our hope that it will be respected. Therefore, in addition to the routine passing of new legislation or the amending of old statutes, I urge you to pay greater attention to bringing order into our legal system and to attend to its incremental simplification and clarification.

3) The network of local governments and the civil service is the nervous system of the state. I consider it a great and fundamental task of the period ahead of us to begin reforming this system with all necessary speed. Our country has suffered greatly because this reform has been put off for so long. You have recently passed the first piece of legislation preparing the way for such reform—that is, the constitutional law on the regions. Now you will have to pass a whole set of further legislation based on this constitutional law, as well as the long overdue legislation on the civil service. Why is reform of the public administration so necessary? For many different reasons, which I'm afraid were never very clearly explained to the public. Therefore, in addition to passing the relevant legislation in the near future and implementing everything that follows from it, I consider it important as well to undertake a public education campaign to inform citizens about why these measures are important, to explain why many jurisdictions previously administered by the state must be devolved to local governments, and why some basic matters that transcend the municipality must be the

responsibility of the regional governments, and why institutions until now dealt with from Prague should be handled by the regions. It is absurd that at the same time as we are building a market economy, many of us are untroubled by the fact that entire areas of social life—like the civil service—carry the birthmark of the Communist system of rule, including their high degree of politicisation. It is not true that after reforming the public service there will be more civil servants and more bureaucracy. Unless the job is impossibly botched, the exact opposite should be true.

4) Today Europe has an opportunity unprecedented in its long and rich history. Europe has always been, in a sense, a single entity. We now have a chance to ensure that its internal organisation as a political entity will not derive from the dictates of powerful nations, or from agreements concluded behind the backs of the others, but that it will be founded on the free and equal cooperation of all, a co-operation flowing from shared democratic values. It is proper that the main effort of Czech foreign policy is directed toward encouraging integrated European structures. As citizens of a small country in the very centre of Europe, which has always been a crossroads for the most diverse geopolitical interests, we at long last have the hope that we will be firmly anchored in the European political environment. Our anchor will be primarily our future membership in the European Union, and in the North Atlantic alliance.

A peaceful and cooperative Europe is unthinkable without a collective defence system, and the only institution capable today of providing this defence is NATO. The expansion and transformation of NATO is therefore vital to the successful political integration of Europe. I have no doubt that a decisive number of our elected representatives know that they have the honour of being in a historical position to take the appropriate steps to ensure a peaceful and satisfying life for the many generations that will follow them. It is all the more unfortunate, therefore, that to this day we have been unable to explain these things persuasively enough to our fellow citizens. Perhaps the fault lies once more with our regrettable focus on mere economics. It has relegated to the background a question as fundamental as the security of the state, without which no economy can flourish or perhaps even exist. The great task, not only of Czech foreign policy but of all our elected representatives, is not only to intensify efforts aiming at our acceptance into the European Union and NATO, but above all to make clear to our fellow citizens the historic importance of these efforts.

The Czech Republic has existed now for five years, and we can hope that within the next five years it will become a secure part of an integrated, democratic Europe. It would be our ultimate failure if we were to betray this hope. If we do not wish to betray it then we must—once again—begin with our own souls. By that I mean that we must declare a merciless war against Czech provincialism, isolationism, and egoism, against the illusion that some form of clever neutrality is possible. We must fight against our traditional shortsightedness, and against all forms of Czech chauvinism. In this day and age, those who refuse to assume their share of responsibility for the fate of this continent and the world as a whole will sign the death warrant, not only of the continent and of the world, but, above all, of themselves.

5) Given what I have just said, I shouldn't have to emphasise how important it is to turn our attention today to our armed forces. It is high time to pass new legislation concerning our security, defence, and military service. This will never be done properly if everything is left up to the respective ministers. It's a job for all of us, for all the elected representatives in the country. The same applies to the restructuring of the army, the proper education and training of its personnel, the modernisation of its armaments and its fiscal arrangements, and for measures to enhance the prestige of the army in society.

I could say more or less the same thing about the other security instruments of the state.

If we intend to

reduce crime in our country, we mustn't delegate the war on crime to the chief of police or the minister of the interior alone. It's a matter of concern for us all. If we don't understand that, we have no right to call ourselves politicians.

6) So what, in fact, is the state of our economy? Why are we of all people, who saw ourselves as setting the pace for the others in economic transformation, suddenly experiencing difficulties? Why is our economy today growing more slowly than, for example, the Polish economy? I don't share the opinion held by some that the entire transformation process was misconceived, badly thought out, and poorly directed. I would say rather that our problem is precisely the opposite. The transformation stopped halfway, which may well be the worst thing that could have happened to it. Yes, all manner of enterprises have been formally privatised, but which of them have clear and specific owners who are fully committed to enhancing their productivity and their long-range prospects? It is not exceptional for me to visit a company and discover that the managers are unable to tell me to whom it actually belongs, let alone provide its owner with a responsible account of how the company is doing. How, then, can we expect the desired restructuring of companies and entire branches of industry when there are so few transparent owners and when so many managers see their jobs, their missions, their commitments as no more than opportunities to cream off the money entrusted to them by someone else and then walk off the job? The role our banks often play in this seems very strange to me. They indirectly own companies that lose money, and the more those companies lose, the more the banks lend them. A small businessman is unable to borrow half a million crowns for a sensible and specific investment, while some shady pseudo-entrepreneur can easily borrow half a billion without anyone taking a hard look at what he actually needs it for. The legal basis of the entire privatisation process, as well as the capital market, is only now being worked out in detail. Isn't it a little late? Do we really have to pay for the rapidity of our privatisation process—a rapidity that was welcome and proper—with stolen billions, even tens of billions of crowns? If it was necessary, then someone should say so clearly. If it wasn't necessary and was merely the result of slackly applied rules, then let's clearly admit it.

Why, for example, was Hungary able to privatise a comparable part of its economy without this same vast undermining of it? And how exactly does the state participate in the ownership of enterprises? Do we have a clear conception of which enterprises are of such strategic or vital importance that the state must maintain its share of the ownership, and which can be privatised without further ado? And if such a conception does exist, why are companies already earmarked for privatisation not being privatised?

I know in what ill repute words like "conception" or "strategy" or "industrial policy" were held in this country. To a certain extent I understand why: after all, enterprises or companies had to learn how to look after themselves without depending on the state. But perhaps we carried this too far, for there are some things about which the state must have a clear opinion of their importance to it. I am not speaking here just of matters that fall within the state budget, or of areas of public interest, or public institutions like the health care system, education, culture, and the like. I'm speaking directly about the economy. I mean things like housing construction and the real estate market, transportation, utilities, and the whole infrastructural network. I'm speaking about what underpins a prospering economy and a prosperous state. It hardly seems possible that in this very sphere the state would not have its own clear position, policies, and strategies. But does it? And if it does, why isn't this more generally known? If we don't have a policy, why aren't we developing one?

In other words, it's high time our economic transformation got its second wind. It's high time for politicians to draw up an inventory of what remains to be done, and to tell

citizens, without delay, how they intend to complete the process. The more clearly this is explained, the more easily citizens will come to terms with temporary sacrifices. Given the bizarre and almost cryptic silence that now prevails, we can expect that when the first blow to their standard of living comes, whether it be a deregulation of rents or utility costs, people may well revolt in some real way, not just symbolically, as they have done for the most part so far.

7) Two years ago the legislative assembly finally passed the long-awaited law governing charitable and non-profit organisations. Many placed high hopes in this legislation. Many, including myself, were delighted by the prospect. We hoped that many of those relics of communism, whether funded from the state budget or from compulsory contributions, would finally become modern, nonprofit organizations, unencumbered by a web of silly proclamations and regulations, and essentially freer and, for that very reason, incomparably more economical and more socially beneficial. I looked forward to seeing a range of schools, hospitals, social amenities, and cultural institutions attain this new status, and gradually move to a system of multisourced financing.

In other words, I hoped they would not only receive support from the state, through the municipalities or the regions, but also enjoy large contributions from a wide variety of legal entities and individuals who would, as a result of their generosity, receive progressively increasing tax benefits. I hoped that this method of decentralised funding would meet a wide range of local and regional needs in infinitely more inventive and imaginative ways than a civil servant at the centre could have done. At the same time I looked forward to the savings to be made because the funding would no longer have to travel from its source in tax revenues, be routed through the appropriate ministry and its capital budget, to arrive finally at the organisation for which it was originally intended. I hoped that this system would give confidence to citizens and entrepreneurs, who would see for themselves how their money could be transformed into something for the general good.

I looked forward to all this in vain. How many charitable and nonprofit organisations have come into being over the past year? One? Two? And how many government-funded organisations have become nonprofit organisations? I haven't heard of a single one. Some say it can't be done without a special law. Some say it can be done according to existing privatisation laws, but no one is attempting to do so because they've found that it's more comfortable to live in the good old socialist conditions after all. All the more so because the tax benefits to those who donated money to the charitable and nonprofit sector never materialised. However it was, I see here an enormous obligation to the future and a large job to do. The innumerable confusions that plague the sphere of government-funded organisations could be made essentially simpler if the nonprofit sector could be made to work, at least in small ways, as it does in advanced Western democracies.

8) Many reforms have been carried out in social policy, and more legislation is being prepared. I would like to make note of one thing here: I welcomed the government's intention to progressively separate the pension fund from the state budget and put it under separate management. For various reasons, this seems to me an essentially better system and I believe it can even bring financial advantages, because pension funds can manage their money better than governments. At the same time, it goes without saying that the guaranteed right of everyone to a pension will not be affected. Yet, since the government announced its intentions, nothing more has been heard of the matter. I would like to believe it has not forgotten about pensions, and that there is a team of specialists somewhere working quietly and intensively on this matter.

9) No reasonable person could accuse the current government, or the government that came before it, of ignoring the environment. On the contrary, the many billions of crowns spent on various environmental projects are beginning to bear fruit in the form of mild improvements in the state of the air, the soil, and the water. Even so I am still not persuaded that there is a genuinely clear conception behind such investments. Take, for example, the very simple principle that cleaning up an environment already polluted by industry is not enough; nonpolluting industries have to be established as well. This means that, in one way or other, we have to reward those who demonstrate that they can conserve energy, or who introduce environmentally friendly technology. Yes, let the laws of the marketplace apply in this area as well. But the most fundamental of those laws is one which says that it's always cheaper to pollute less from the outset than to clean up an already polluted environment or pay the appropriate fines.

10) I have left culture to the end not because I consider it to be some superstructural "icing on the cake," but for precisely the opposite reason. I consider it the most important of all, something that deserves to be mentioned at the very conclusion of my remarks. I am not thinking of culture as a separate sphere of human activity, such as caring for heritage sites, producing films, or writing poetry. I mean culture in the broadest sense of the word—that is, the culture of human relationships, of human existence, of human work, of human enterprise, of public and political life. I refer to the general level of our culture. I am afraid it is here that we have our greatest debt to pay and therefore have the most work ahead of us.

Culture cannot be measured by the number of splendid rock stars who visit our country, or by the beauty of fashions created by world-class designers and modelled for us by world-famous models, but by something else. It can be measured, for example, by what skinheads shout in the bar U Zabránských, by how many gypsies have been lynched or murdered, by how terribly some of us behave to our fellow human beings simply because they have a different colour of skin.

This lack of culture in the broadest sense can probably, once again, be blamed on both sets of causes I spoke about in the beginning. It is a typical expression of the post-Communist syndrome and, at the same time, a consequence of how little attention we have paid to the state of our souls. Once again I repeat: it is not true that culture is a superstructure that somehow lives a parasitic existence on a flourishing economic base. On the contrary, economic prosperity is directly dependent on the cultural environment in which a given economy operates.

This is not the first time I have spoken to the members of parliament about the nonprofit sector, the reform of the civil service, and other such matters, but if I do it now, you must know I am talking about what is called a **civil society**. That means a society that makes room for the richest possible self-structuring and the richest possible participation in public life. In this sense, civil society is important for two reasons: in the first place it enables people to be themselves in all their dimensions, which includes being social creatures who desire, in thousands of ways, to participate in the life of the community in which they live. In the second place, it functions as a genuine guarantee of political stability. The more developed all the organs, institutions, and instruments of civil society are, the more resistant that society will be to political upheavals or reversals. It was no accident that communism's most brutal attack was aimed precisely against this civil society. It knew very well that its greatest enemy was not an individual non-Communist politician, but a society that was open, structured independently from the bottom up, and therefore very difficult to manipulate.

As you know, our country today is going through a political crisis. In democratic circumstances or conditions the essence of our crisis is a more or less banal event—the resignation of the government. A democratic system anticipates such events and has the means to deal with them.

And yet this very same crisis appears to many as the collapse of a regime, the collapse of democracy, or even of the world. In my opinion this can only happen because we have not yet created the foundations of a genuinely evolved civil society, which lives on a thousand different levels and thus need not feel that its existence depends on one government or another or on one political party or another.

If I criticise those who have resigned, it is not so much for any particular sin they may have committed, but far more for their indifference and outright hostility to everything that may even slightly resemble a civil society or contribute to its creation. In the final analysis, this indifference is precisely why so common a democratic event as the fall of one government appears nothing short of a Greek tragedy, and to some extent may even have become such a tragedy. Many people understandably feel that they are facing the collapse of a particular view of the state, a particular world view, a particular set of ideals.

However unpleasant and stressful, and even dangerous, what we are going through may be, it can also be instructive and a force for good, because it can call forth a catharsis, the intended outcome of ancient Greek tragedy. That means a feeling of profound purification and redemption. A feeling of new-born hope. A feeling of liberation. If, then, the present crisis forces us to think seriously again about the nature of our state, about the idea behind it, about its identity, and if it leads us to imbue our work with the result of such thinking, then this crisis will have been anything but meaningless, and all the setbacks it has caused will be compensated for many times over. We often talk about the identity of a state or a nation or a society, and more than one opponent of European integration has ranted on about national identity and tried to engender fear of its loss. Most who speak this way subconsciously understand identity as something predestined, something genetic, almost an identity of blood—that is, something over which we have no influence or control. This notion of identity is thoroughly discredited. Identity is, above all, an accomplishment, a particular work, a particular act. Identity is not something separate from responsibility, but on the contrary, is its very expression.

If the current crisis is to be an invitation to action, if it once more gives substance to our identity, then we have no reason to regret it. Let us therefore understand it as a lesson, a schooling, a test, a challenge which may well have come just in time to warn us of our vanity and save us from something far worse.

- translated by Paul Wilson and courtesy of the New York Review of Books (nybooks@com/nyrev/)

SNAPSHOT TWO- MAKING GOVERNMENT DECISIONS MORE COHERENT

For these countries the transition requires a massive change in organisational culture and behaviour which would task the highest leadership skills anywhere in the world.

It demands the courage to use your position of power to dismantle the very structure of power around you - at the same time as you have to use that system to manage the process of change!

It requires a virtually impossible combination of vision and tough skills.

Westerners also underestimate the difficulties created by the adversarial system now embedded in the new government structures of Central Europe. How can leaders develop when they are having to learn not only about the new systems - but are pushed by (new) party competition into short-term and divisive tactical manoeuvring?

The combination of shifting coalitions and strong parliaments is a common feature of most of the Region and causes a policy gridlock which has dangerous implications - witness, for example, the inertia caused in Romania by powers of legislative initiative being shared between the executive and two parliaments.

In the winter of 1998 one of Romania's leading Senators invited me to write a paper to help his thinking about how to get some order and coherence into what was a confused and angry legislative process. Like many other Central European countries, Romania had, over the previous two years, been having its first ever experience of real coalition government. At the best of times, coalition is fraught with difficulties - but the difficulties of the Romanian situation are compounded by having to work with an administrative machinery of government that also needs major.

*It is important to distinguish these **two different issues** - the first, the challenges arising from the coalition situation, requires the creation of a more informal process of communication; the second requires formal changes in the structure of the government machine. But **both raise critical questions about the detailed stages of drafting new proposals and laws**; and about the **precise role played at these various stages** by public servants, by Ministers, by parliamentarians, by the Cabinet, by social partners.*

I include the piece here because I believe that some simple administrative mechanisms - if properly enforced - can quickly make a difference to the Central European policy process.

Advice Note to Romanian Senators on Improving the policy process

Executive Summary

1. **New proposals from Ministries** should be required to **demonstrate at least 4 things before proposals are submitted to Cabinet** viz

- **various options** of dealing with the problem/issue have been seriously examined
- the particular proposal is **feasible** ie its implementation has been explored, operational difficulties examined (including with social partners) and that it is therefore likely to achieve the desired objective
- Coalition partners and parliamentarians have been consulted and seem likely to **support** it
- the detailed **consequences** are clear (not just financial)

2. This should be set out in a brief standard format (executive summary) - for both coalition consultation and the Gen-Sec clearance - before submission to Cabinet

3. Two of these questions are particularly important - "Will it work?" and "Will it get support?". The first is a **technical** question and should be dealt with essentially within the formal machinery of Government - although on the basis of a stricter appraisal system and of much broader external consultations with social partners. The second is the **political** question and is more properly the focus of the informal coalition forum discussions.

4. Ministers should therefore have three new procedural responsibilities –

- ensuring that draft proposals are subjected to stricter internal appraisal - using **common criteria**,
- carrying out informal consultations
- submitting a summary (**on common format**) of the proposal

5. **The role of - and supporting structures for - parliamentarians should be critically assessed and used for strategic development.**

If they have **responsible tasks** and feel **properly consulted**, they will feel less frustrated and will be less prone to "opposition-itis". This involves political recognition of the need for specialisation - both by subject and by time-scale.

At the moment the individual parliamentarian is forced to be an expert on everything.

But it is the parliamentary system as a whole - not the individual - which has to cover all subjects; and both crises and long-term strategies.

This needs to be recognised in the development of parliamentary structures to allow the production of well-researched medium-term strategies. These should use external experts and NGOs for their work - as well as drawing on public servants.

1. THE PROBLEM

Government leaders who **wish to secure continued support from the broad coalition of their supporters in parliament (let alone in the country at large)** have to develop processes to ensure that

- its declared priorities and policies are **sensitive** to both national needs and to key interests
- policy initiatives have been properly tested for **feasibility** (rather than emerge haphazardly from the bowels of Ministries)

The question most leaders find themselves asking is how well they are served in these respects by the administrative machinery at their disposal. Ministries still work in traditional styles -

- **hierarchic** (no real questioning or encouragement of creative/lateral thinking)
- **closed** (reluctant to work with other Ministries - or consult with social partners)
- **over-legalistic** (too much attention to legal detail and insufficient attention to policy aims and options - and to the practical realities of project management and implementation) As a result discussions often get lost in detail.
- **non-existent personnel management** (poor recruitment procedures ; lack of guidance and encouragement for staff etc)

2. DIFFERENT PROBLEMS CALL FOR DIFFERENT SOLUTIONS -

There are three classic functions of effective "government" –

- Managing the **immediate agenda** - (eg the weekly legislative business) which is driven by crises and short deadlines. *In one-party Government, this function can be performed by the Whip's Office - in a **coalition** it requires a more independent support unit for the ongoing coalition dialogue.*
- Ensuring that more **medium-term policies** are being shaped (developed in para 3 and notes). *In EU countries, strategic development is now recognised as an important element in the government machinery - with Ministries issuing "green papers" seeking public views on options before they move on to enshrine one option in legal detail. It is unrealistic, however, to expect this of the Central European administrative machinery at the moment - which is overwhelmed by the immediate agenda and under pressure for reform. More ad-hoc solutions should be sought - led probably in the first instance by those outside the administrative machinery but certainly involving some of the key people in that machine.*
- Developing an effective **machinery of implementation**

3. KEEPING IT SIMPLE

It is all too tempting to engage in major and apparently radical organisational changes - when simple **procedural changes** can be more effective, more immediate and lead to less distraction and cynicism.

Four such mechanisms seem to me to be useful for countries in transition -

3.1 clarifying the initial instruction

When Central European Ministers currently tell their civil servants to do some work on an issue, it is not done in a sufficiently detailed manner. The officials are left confused about what exactly is wanted - and will try to give the Minister what they think he wants (they may or may not get that right!). The Minister may feel he already knows what is needed - and just wants the legal detail (he may or may not be correct in this!).

Because there is no open or systematic discussion at the beginning about the ultimate purpose - and the different ways of achieving this - and no guidance given on consulting to check, for example, on feasibility, considerable amounts of time may be wasted by pursuing the wrong option.

It would save considerable time and confusion if, **right at the beginning**, time was taken for a disciplined discussion on what exactly the changes should produce - the different ways in which this could be achieved - who should be consulted; and if this was then drafted by the civil servant in the form of a brief **quasi-contract** (certainly for the more important issues). *See para 5 for draft.*

3.2 Interdisciplinary working groups

3.3 testing the initial results - devil's advocacy

When such work is finished, it should be subjected to a tough cross-examination. This should be done on the basis of the presentation of a standard 1-2 page format ("summary proforma") - clearly specifying such things as-

- what the measure is supposed to achieve (and how that links to the Coalition's priorities)
- exactly what options were examined
- what tests were applied to these ; and how they each fared
- who was consulted
- which option is being recommended
- what its consequences will be

This cross-examination could be done internally - but consideration should be given by the General Secretary's office to establishing, at least for an initial period, a pool of independent experts specially trained for this purpose. They would be given the summary proforma the evening before the meeting (more notice than most Cabinet Ministers!) and would be - as generalists - in the same position as the Cabinet Ministers, having to use common sense to probe for problems.

Only the Ministerial staff could realistically be expected to make any changes as a result of such a "devil's advocate" process. But **only if** such a summary proforma had been produced - and such a process undertaken - would key proposals be allowed to proceed to the next stage (whether Cabinet or informal Coalition consultation).

4. THE THREE DIFFERENT ROLES OF A POLITICAL SYSTEM - how to achieve them - and diminish negative political conflict

Organising a focussed and realistic political agenda - which reflects general concerns - and which has been coherently prepared for (implementation) is the real test of leadership. But it will not, in itself, avoid political trouble.

All elected politicians feel important; yet few are given the position which gives real satisfaction. **Leadership involves not only effective agenda-management - but also managing the politicians.**

Leaders tend to be so caught up with crisis management that they don't realise how frustrated (if not jealous) their colleagues are.

This is a powerful factor in explaining the unacceptable levels of conflict in political life - which cause the policy incoherence and drift. Yet there is more than enough to keep all politicians positively active. One of the early things we did in Strathclyde was to recognise that an effective political system required **support for three very distinct political roles but that this was not reflected in support structures -**

- Leadership ; at most 10 of the ruling group of 70 in my region actually exercised significant leadership positions in the sense of selecting agendas and managing the business. The formal administrative machinery which engages the time of the leaders had been created to satisfy legal requirements - not to ensure democratic purpose.
- Local representation ; all of the politicians had, however, been elected to represent the interests of a geographical area - although they received no technical help in performing this role (and indeed, when they raised local issues in the committees, were seen as acting parochially). We created official local structures formed by local officials, representatives of local NGOs, chaired by the local politician ; and gave them the formal responsibility for drawing up local strategies to improve the services in the area. These were popular (they gave local politicians real visibility) and effective - and also helped keep the Departments on their toes. In this context I was interested to read at the weekend that, although the British public currently have a poor view of politicians as a whole this does not extend to their local MP - who is always in the local press and seen as working hard for their interests!
- Policy development ; as indicated above, we knew that we had inherited large Ministries which were centralised and complacent. Simply adding a small Unit at the top to try to get them to work together more - and in a different way - we knew was not enough. We needed to ensure they felt under pressure from other sources. Most of our political colleagues spent their time sitting in Committees overseeing the work of each of these Ministries - having to support the lead of the Minister who, whatever his individual initiatives, rarely

fundamentally challenged the Ministry's fundamental direction. Despite the appearance of democracy, these structures just sustained prevailing professional systems and practices - and made inter-agency work impossible. Child-care, for example, was the focus of important programmes and policies in at least three Ministries and several NGOs - yet there was no co-operation. So we set up task-forces of 12 individuals - half politicians, the other half middle-level officials - around such themes and invited them to carry out a critical review of present policies and practices - and to bring forward proposals for change. Again, these were highly successful; those taking part found the work very satisfying (and working closely with experts from the Departments made the politicians much more realistic about the constraints of government!). Some 30 such groups were established on key issues facing the region and their recommendations largely implemented. The volume of the work involved in dealing with present legal drafts and crises seems to leave no time for a longer time perspective. At the moment everyone (politicians, officials and advisers) is trying to do everything. Some specialisation is needed! Some individuals need to be released (or release themselves) to work on medium-term issues - and in structures which bridge the unhealthy divisions between officials, politicians, advisers, social partners, Departments etc (link with para 2.2)

5. A STEP-BY-STEP approach to change

This paper is sensitive to the very real difficulties and pressures on the key people here - in government, parliament and Ministries. Big **reorganisations** (changing administrative structures) **can so often** (not always!) **just waste time and de-motivate people.**

Effective change is most often the result of leadership having the courage to adopt - and insist on the continued observation of - some simple **procedures** which send clear signals about the need for a more open and rigorous style of work.

But, clearly, this does not happen overnight - the most immediate requirement is that those at the top understand and agree on the urgency of getting the machinery more coherent - and go out of their way to support the changes needed. The argument of this paper is that some fairly simple improvements can then begin to transform the present frustrating situation - viz

5.1 The Prime Minister should, with the assistance of the General Sec of the Government, set up some simple mechanisms to ensure that the policy work of senior civil servants is carried out in a more disciplined, rigorous but open manner; and that, before **key** proposals are submitted to Cabinet for approval, they will have been -

- summarised on a proforma to demonstrate the options explored - and the detailed consequences which can be realistically anticipated from the change ([see par 5 below](#))
- subjected to critical scrutiny by a special panel (see 2.2 above)
- discussed and cleared by the counterparts in the three other parties of the Coalition (2.3)
- amended by the Department and Minister if they are persuaded as a result of that experience that the proposal has weaknesses which must and can be rectified
- circulated **in summary form** to the coalition support unit for comment from the Coalition Forum

5.2 Ministers should consult with their counterparts in the Coalition parties on draft legislative proposals

5.3 Regular **meetings of coalition leaders should now be established** - for the detailed work of policy identification, options scrutiny and negotiation - but **only on two conditions** (a) that the need for these simple but profound administrative procedures at the heart of the Government process are accepted - and (b) a technical unit is established to support its work.

5.4 a **small technical unit** should **immediately** be set up to **service these meetings - in order to**

- produce **thorough but brief policy papers and recommendations** for regular meetings of coalition leaders (in the Senate?)
- ensure the detailed recommendations are properly **documented**
- **disseminate** the conclusions (and justifications)
- Such a technical support unit would do the rigorous policy papers - with managerially feasible options (but presumably **not** a single recommendation)

5.5 coalition parties should also ensure that some relatively independent analysis is being carried out which can be of assistance in the development of more medium- term strategies.

6. THE PROFORMA - a device for creative thinking!

This is a crucial device in these proposals - and needs to be handled with great care. Its purpose needs to be clearly explained - and the precise questions need to be phrased in a way that minimises the cynical response which can be anticipated amongst those used to detailed hierarchic control.

It cannot be emphasised too much that this is not the purpose of this device; it is rather to encourage creative/lateral thinking - a self-discipline (anticipate the problems - put yourself in the shoes of the opposition)

6.1 What will the new proposal/law **actually achieve**?

List the key expected results -

-

6.2 What are the **different ways** in which this could be achieved?

List the different options –

-

6.3 Which **approach is presently favoured** ?

Describe its **key features** –

-

6.4 What are its **distinctive advantages** (compared with the other options)?

-

6.5 What **consequences** can be anticipated -

- Financial

- political (from parliament - from public)

- on other policies (eg environment)

6.6 Which groups have been **consulted** – how and with what results and comments?

CHAPTER THREE

THE PUBLIC SERVANTS - Key Processes

Introduction

If we wish properly to understand the scope for improving public sector performance, we have to look first at how the system works

- how people are appointed and promoted
- what sort of behaviour is encouraged by these, and other, systems as a result.

Seven basic processes can be identified as crucial in shaping public-service performance -

National

1. Recruitment
2. Promotion
3. Remuneration
4. "In-service" Training
5. Links with the political system

National/Local

6. Mobility between central and local government
7. Shared learning

Local Self-government

8. Recruitment
9. Promotion
- 10 Remuneration
- 11 "In-service" training

Within each of the processes identified above, certain key issues arise - which can be handled differently in different countries. Use of this framework allows us to -

- identify the critical questions for any assessment of the civil service
- Compare the different practices in different countries
- Isolate possible options
- explore the implications for learning and training

In what follows I try to indicate some of the critical questions for each of these processes viz -

1. RECRUITMENT

1.1 What are (considered) relevant **PRE-ENTRY** qualifications for trainee senior managers ? Four can be identified -

- specialist knowledge ? (eg degrees in economics, law, public administration, engineering).

This tends to be the French and German tradition.

- analytical ? : (ie natural ability to understand the essential elements of (a wide range of) complex issues and communicate advice to Ministers).

this was the UK tradition, which led them to seek out those with broad qualifications - or those which indicated strong natural intelligence.

- managerial : (eg proven ability to manage people, project implementation)
this is the new UK emphasis

- loyalty : (to an ideology or group)
there remains a strong element of this in Central Europe

1.2 Who "validates" (ie establishes and awards the relevant standards) of the examinations ?

- the State ?
- the Universities ?
- professional bodies ?

1.3 How is the Recruitment organised ?

- by each Ministry ?
- by a Civil Service Commission ?

1.4 Who is the Employer of staff ?

- the individual Ministry
- a State Commission

1.5 On what sort of contract ?

- permanent
- limited-term
- none

It is in this area there have been most changes recently in the West : and most differences between Western and Central Europe. Western European services have been moving to "fixed-term" contracts for top jobs - while still retaining protected status for the majority. Few Central European countries have yet adopted legislation for the public service, which - as a result - is still heavily subject to political influence.

1.6 How are senior positions filled?

- from within the service ?
- by advertisement ?
- with what sort of political influence ?

1.7 Is there a probation period?

- and how (systematically) is "satisfactory performance" measured

1.8 What are the procedures of sacking staff?

COMMENT

It is such structures which determine the fundamental accountabilities which shape the behaviour of officials.

There can be no culture change - no real development - without public confidence that public personnel and projects are being selected on merit, on the basis of fair, agreed and clearly specified criteria.

Able public servants are needed who are appointed for their ability and willingness to get things done. Appointment procedures are widely used in other countries - and for the awarding of contracts - to ensure that appointments, promotions and sackings are transparent, defensible and systematic. Their principal feature is that they

- explicitly and clearly specify IN ADVANCE exactly what is wanted (not only the job specification but a profile of the personal characteristics needed in the job)
- enforce procedures and measurements which allow a prioritising of preferences. In many cases a separate group of people will do a preliminary selection of those who meet the specification and profile (which might include psychological testing)
- specify in advance who will do the selection : and exactly how the interview will be structured

Organisations have been slow to realise that senior personnel decisions are amongst the most important they make : and should not be decided on intuition - or on the basis of a few hours' interviews of previously unknown people.

2. PROMOTION

2.1 Is there a career system ? In other words -

- are careers planned : and promoted posts offered to individuals ?
- or are posts openly advertised : and the individual responsible for his own career advance ?

The British system has moved recently from the first to the second - with very profound implications.

2.2 Who handles the promotions ?

- an independent Commission ?
- individual Ministries ?

2.3 What are the criteria for promotion ?

- performance review ?
- examination ?

2.4 Is promotion across departmental boundaries ?

In many systems this is used to generate loyalty to the corporate system - rather than its separate bits - and to assist coordination.

3. REMUNERATION

- 3.1 How are "top-salaries" defined and rewarded (vis-a-vis, for example, the private sector)?
- independent review ?
 - government decision ?
- 3.2 To what extent is "performance-related" pay used ?
- this has become rather fashionable : at precisely the time management theory is suggesting that it undermines the "teamwork" needed in the modern world !
- 3.3 How systematic are such reviews ?
- many Central European countries have a salary system with a significant "bonus" element : this is, however, very much at the undefined discretion of the "boss" and reflects therefore the old patronage system rather than the new achievement culture!

4. IN-SERVICE TRAINING

- 4.1 Who is responsible for defining the training needs of those in public service - and for designing relevant programmes ?
- each Ministry (as employer) ?
 - one single Ministry ?
 - the suppliers ?
- 4.2 Who provides the relevant training ?
- Ministry Training Centres ?
 - Universities and Colleges ?
 - private sector ?
- 4.3 What is the system of "accreditation" for such training centres ?
- 4.4 How are individuals "matched" to training ?
- 4.5 What is the motivation for the individual to undertake training ?
- obedience ?
 - promotion ?
- 4.6 Current Priorities ?
- technical knowledge ?
 - management skills ?

COMMENT : See chapter on "Training for Modernisation"

5. POLITICAL LINKS with the Civil Service

5.1 What is the extent of involvement of officials in early stages of policy -formulation - are there "kitchen cabinets"?

5.2 What is the role of the Ministers in appointing Senior Officials?
- when vacancies occur ?
- when Governments change ?

5.3 Can officials move into political positions - as in the French "pantouflage" tradition - and vice-versa ? Or does this, as with the British approach, breach fundamental values?

6. MOBILITY

- How acceptable is it for national officials to take posts in local self-government: and vice-versa?

7. SHARED LEARNING

7.1 How much shared training of central and local officials?

7.2 How often are people from different sectors brought together for seminars - eg Community Leadership scheme in Kosice, Slovakia ?

7.3 is general management training useful for those in the public sector?

COMMENT : structures determine our perceptions of other people and the world : people we don't meet regularly in our system are always a useful scapegoat. Separate training, recruitment and promotion systems act to sustain antagonisms between groups who should be working together.

8. LOCAL GOVERNMENT : RECRUITMENT, PROMOTION AND REMUNERATION

8.1 **Are there uniform conditions for entry?**

- defined by the State ?
- defined by local authority associations ?

8.2 **Who appoints the different levels?**

- how ?

9. LESSONS FROM EXPERIENCE ELSEWHERE

Using such questions one can identify, for example, the distinctive features of national systems.

In the **British system**, for example, until very recently -

- recruitment to top management was socially restricted
- "generalist" (rather than specialised) skills are valued for young top-managers
- the older "established" Universities (and professional bodies) are used for validation
- there has been a strong principle of separation of politics and administration
- and a rigid separation of central and local government

Such features have, it is argued, created divisions, "blindness" and conflict - and seriously affected the effectiveness of successive British Governments (Hennessy).

Tammany Hall : USA Style

At the other extreme, almost, we have the American "system" - shaped of course in the last hundred years by Irish, Italian and Central Europe influences !

And it was these excesses of party control in America at the end of the last century which caused the backlash from "Progressives" such as Woodrow Wilson from which came Public Administration as we have known it! In particular the attempts to separate the political and professional roles and to inject some "fairness" and "transparency" into appointments and decisions!

An article in the American journal Public Administration Review looked at how various stages of subsequent development this century can be seen as response and counter-response to the dilemmas which arise as you try to control such patronage and corruption.

Corruption Control Vision	Antipatronage (1870-1900)	Progressive (1900-1930)	Scientific Management (1930-1970)	Panoptic (1970-1990)	Revisionist (1990s)
Strategy	Credential and competence testing	professionalism	External control	Law enforcement	Public entrepreneurship
Perceived causes of problem	Partisan control of personnel	Partisan, unprofessional administration	Inadequate organisational controls	Inadequate monitoring	Bureaucratic pathology
Key policy prescription	Merit system	Electoral reform, independent regulatory commissions, expertise	Government reorganisation and centralisation	Surveillance fiscal controls	Market Privatisation
Implications for public admin	Peer enforcement of norms; personnel controls	Enforced standards of efficiency	Spans of control Agency control	Strong auditing and investigative agencies	Decentralised de-bureaucratished structure; less corruption control

Five "Central Visions" are identified in that article - Antipatronage, Progressive, Scientific Management, Panoptic and Revisionist - each of which had (a) a particular perception of the problem, (b) a strategy and (c) implications for public administration.

Clearly many Central European countries are somewhere between the first and second stages: in this situation it is perhaps highly dangerous for Western consultants to be advising them to espouse the "revisionist" model - when what they patently need is some experience of the elements of the Scientific Model! (Coombes)

AUSTRALIA : KEY PUBLIC SERVICE VALUES

RESPONSIVENESS TO GOVERNMENTS

- serving loyally and impartially ministers and governments
- providing frank, honest and comprehensive advice

A CLOSE FOCUS ON RESULTS

- pursuing efficiency and effectiveness at all levels
- delivering services to clients conscientiously and courteously

MERIT AS THE BASIS FOR STAFFING

- ensuring equality of opportunity
- providing fair and reasonable rewards as an incentive to high performance

THE HIGHEST STANDARDS OF PROBITY, INTEGRITY AND CONDUCT

- acting in accordance with the letter and spirit of the law
- dealing equitably, honestly and responsibly with the public
- avoiding real or apparent conflict of interest

A STRONG COMMITMENT TO ACCOUNTABILITY

- contribute fully to the accountability of the agency to the government, of the government to the parliament, and of the parliament to the public
- fully supporting the administrative and legal measures established to enhance accountability
- recognising that those delegating responsibility for performance do not lose responsibility - and may be called to account

CONTINUOUS IMPROVEMENT THROUGH TEAMS AND INDIVIDUALS

- striving for creativity and innovation
- making individual and team performance count

10. WHICH PUBLIC ADMINISTRATION?

Public Administration theory and practice in Central Europe differs from that of the norms of Western Europe in several important respects -

- highly legalistic

- authoritarian/hierarchical
- absence of professional class of senior civil servants with an independent ethic of public duty
- strong political patronage
- no sense of managerial output or performance : or of public "service"
- missing guidance on "private interests"

Most of the Technical Advice being given at the moment assumes that there is a "Western" model of Public Administration is the one to which Central Europe can, should and wants to approximate. And therefore focuses on that.

There are several problems with this approach -

- (a) there is no single model
- (b) Western thinking and practice has been profoundly changing in the past decade and
- (c) it may not be realistic for Central European countries to try to move immediately to the developing model.

The Classic Model has 2 basic features -

- "The idealisation of career public service professionals, highly insulated from the general labour market and differentiated in the way that business is done, the kind of staff hired and the way they are paid and promoted.
- (The other feature is) a battery of generalised rules limiting the discretionary power of public servants in the conduct of business - particularly at the point where they meet the "corrupt world" outside - notably for staffing decisions, the letting of contracts and the handling of money and other assets" (Hood : p167 Public Administration spring 1995)

These are 2 key elements in "classical" public administration which are currently missing here in Central Europe. The other elements of that model are familiar here and are based on the following assumptions -

- public provision of a function is more equitable, reliable and democratically accountable than provision by a commercial or charitable body
- where a ministry is responsible for the function, it normally carries out that function itself with its own staff
- and provides it uniformly to everyone within its jurisdiction
- operations are controlled by a hierarchy of continuous supervision
- employment practices (including promotions, grading salary scales and retirement) are standardised throughout the service
- accountability of public servants to the public is through elected bodies

A Moving Target

The problem is that such assumptions are no longer universally accepted.

Britain in the past 15 years has led the field in challenging and dramatically changing every single one of these assumptions

- "privatisation replaces, wherever possible, decisions by civil servants with market decisions - replacing equity, impartiality and justice with consumer choice.
- contracting out and hiving off replace the assumption about agency self-sufficiency
- uniform universal provision gives way to user charges and choice among competing providers
- direct hierarchical supervision has been replaced by contractual relationships (collective and individual)
- the loosening of recruitment, grading and pay rigidities have become a prime objective in obtaining greater productivity
- accountability only through elected bodies has been bypassed by Citizen charters, ombudsman and control through non-elected quangoes" (Dunsire)

Such a dramatic shift represents a move from Public Administration to Public Management : but different countries have taken different paths - for different reasons. We do not yet, in other words, have a coherent model here (see next section).

11. WHO DOES WHAT ?

One of the most important questions relates to **the role of the civil service in policy formulation** (Dror)

What sort of dynamic is expected between the State Secretary and the Minister ? (or between local councillors and the professional advisers ?)

- Is the official actively involved in such critical issues as (a) problem definition and (b) the search for technically relevant solutions? (Ben Heirs)
- Or is he expected simply to implement ad-hoc (and very often contradictory) instructions from the politicians?

Tension between politicians - particularly reforming ones - and the senior members of the permanent civil service is a natural feature of government. One system represents change: the other continuity. Indeed the virtues prized by the traditional British Civil Service was scepticism in the face of the naive enthusiasms of their (temporary) political masters.

And many reforming British local self-governments of the 1980s were persuaded to make appointments of politically sympathetic officials (Widdicombe).

Governments in Central Europe have had even more reasons to distrust their civil servants. They have therefore tended to bring in their own people: or take decisions without consulting or listening to the professionals.

A more balanced approach is needed - recognising that reform needs committed leadership at the top but without running the dangers of "groupthink" (t Hart).

Effective leadership is comfortable with uncertainty: and deals with it by inviting others to help him define issues properly - and taking time to explore possible solutions with others.

Policy-making has very clear stages - and the role played by experts and politicians varies according to the stage.

The stages are -

	Politicians	Official advisers/Experts	Public/NGOs
Defining the problem			
Explaining it			
Searching for (technically relevant) solutions			
Assessing their impact; costing etc			
Selecting an option			
Drafting a law on that basis			
Debate			
Implement			
Evaluate			

At the moment in Central Europe, people tend to jump the first 4 stages. The result is -

- confused and polarised argument
- initial "procrastination"
- inadequate legislation
- cynicism
- need for later amendments
- general waste of time (much of which could have been more productively used if people had initially respected the relevant stages of policy-making, as set out above !!)

Openness" and creativity are required for some of the stages - discipline and clear task specifications for others.

Further Reading

a. POLICY ADVICE in Government

- Barker A
/ Peters The Politics of Expert Advice
Advising Western European Governments (both Edinburgh University Press 1993)
- Blackstone T
Plowden W Inside The Think-Tank - Advising the Cabinet 1971-1983 (Mandarin 1990)
- Cockett R Thinking the Unthinkable - think tanks and economic change ()
- Davies E Public Spending (Penguin 1998)
- the clearest book I've found on this issue.
- Dror Y Policy-making Reexamined (Transaction Books 1983)
Polycymaking Under Adversity (Transaction Books 1986)
"School for Rulers" in de Greene (ed) A Systems-Based Approach to Policy-making (Boston 1993)
- the guru on policy advice perspectives and systems for Governments.
- Heidenheimer A.
and Hecló H Comparative Public Policy - the politics of social choice in America, Europe and Japan (3rd edition St
Martin's Press 1990)
- THE book for anyone in Central Europe wanting the details on the key elements of the policies of these countries and the developments which were taking place in the 1980s. It contains chapters on Education Policy, Health Policy, Housing Policy, Economic Policy, Taxation Policy, Income Maintenance Policy, Urban Planning and Environmental Policy. For each of these areas, four types of choice are examined -
1. Choice of Scope: particularly between public and private provision
2. Choices of Policy Instruments: eg the level (national/local) or direct provision/contracting/certification
3. Choices of Distribution
4. Choices of Restraints and Innovation
- Parsons W. Public Policy : an introduction to the theory and practice of policy analysis (Elgar 1995)
- at 675 pages, seems quite comprehensive !
- Plowden W Advising Rulers
- looks at various European examples : and has an accessible piece from Dror.
- Rubin I.S The Politics of Public Budgeting - Getting and Spending, Borrowing and Balancing (2nd edition : Chatham
1993)
- Stone Deb. Policy Paradox - the art of political decision making (2nd edition Norton 1997)
a marvellous text which takes issue with the "rationalistic" approach which tends to characterises policy analysis books which "assume that problem definition is a matter of observation and arithmetic - measuring the difference between the two. Part 2 of the book demonstrates that "the ideal of **equality** can yield multiple distributions. **Efficiency** is a standard amenable to numerous conflicting interpretations. **Security** encompasses complex needs that change even as they are satisfied. **Liberty** conceived as activity without harms to others turns out to be a very small sphere in modern society; conceived as control over one's life and well-being, it is a perennial quest.
The goals of policy are thus vague, contradictory and protean. The status quo is equally unstable. Part 3 of the book looks at the **type of language used by groups for portraying policy problems - symbols, numbers, causes, interests and decisions.**

b. Civil Service Systems

Good up-to-date material on this has been missing until recently (Rowan's comparative book of the 1980s is both outdated and out-of-print).

- Bekke HAG Civil Service Systems in Comparative Perspective (Indiana Univ Press 1996)
- comes from joint workshops between European and American academics and covers such topics as
- the evolution of Civil Service systems
- internal labour markets

- the representativeness of civil services
- politicisation
- public opinion
- configurations
- reform agendas and experience (Hood is a must here)

Fandez J Good Government and Law (Manchester – British Council)

Hennessy P. Whitehall (Fontana 1990)

- this 740 page treatment of the challenges and changes faced by the British Civil Service in the 20th Century is probably unparalleled in the world literature. Anyone interested in public sector reform has to study it closely.

Moshe and

Lane JE Comparative Public Administrations - volumes 1 and 2 (Ashgate ISBN 1840140720 - £180)

Etzioni

-Halevy E Bureaucracy and Democracy (Routledge 1993)

Farrel H. Public Administration : a comparative perspective (Dekker, New York 1996)

Hood C and

Peters Guy Rewards at the Top (Sage 1994)

Page Edward Political Authority and Bureaucratic Power - a comparative analysis : (1992 - 2nd edition Harvester Press)

Peters G Comparing Public Bureaucracies : problems of theory and practice (University of Alabama Press 1988)

PUMA „The State of the Higher Civil Service after Reform in Britain, Canada and the USA“ (PUMA 1999)

Rowat DC Comparative Public Administration (1985) A lot has happened since the publication of this book - but it does contain a fascinating set of comparisons.

Ziller Jacques Administrations Comparees (Montchrestien 1993)

The early SIGMA papers (see website www.oecd.org/puma/sigmaweb)

c. Public Administration Reform in Central and Eastern Europe

Coombes D and

Verheijen T Public Administration Reform - exchanges between central and Western Europe (European Commission 1996)

- a very worthwhile exploration of west and central european experiences through three perspectives ; east, west and then jointly.

Hesse J.J. Administrative Transformation in Central and Eastern Europe : Toward Public Sector Reform in Post-Communist Countries (Blackwell 1993)

- see also chapter in Lane book in 2.3 above

Jabes J (ed) Developing Organisations and Changing Attitudes: public administration in C and E Europe (NISPAcee 1997)

- the proceedings of the fourth annual conference of the network of institutes and schools of public administration in central and eastern Europe.

Manitoba

University Lexicon of Terms and Concepts in Public Administration, Public Policy and Political Science (Osnovy Pubs, Kiev 1998)

Articles/papers

Balducci M. "Training Civil Servants in the administrations of Central Europe": The International Review of Administrative Sciences (March 1994)

Jabes J and

- Vintar M. Public Administration in Transition (Proceedings of NISPAcee Bled Conference 1995)
- Nunberg B The State after Communism - Administrative Transitions in Central and Eastern Europe (unpublished World Bank draft 1998)
- there are, so far, very few detailed assessments of the changes in the various countries of their administrative machinery. This covers Poland, Romania, Hungary and the former DDR.
- Srica "Managing People in Central Europe" in Garrison and Rees Managing People Across Europe (Butterworth 1994)
- Verheijen T. and
Dimitrova A. "Private Interests and Public Administration : the central and Eastern Europe Experience" - International Review of Administrative Sciences July 1996

CHAPTER FOUR

TOWARD MORE EFFECTIVE GOVERNMENT

- What has Western Europe learned from the past 25 years ?

Background Note

Encouraged by the examples set by Britain, New Zealand, Australia and Scandinavia, government reform has become all the rage throughout the world in the past ten years. Initially involving the divesting by government of industries such as Steel, Gas and Telecommunications, the reform of government has spread deep into the thinking about how the basic machinery of government and of social services should be managed - and what that means for the role of government.

The talk is now of the "enabling" state - of government no longer trying itself to produce things and run services but rather focussing on strategic purposes and then giving independent public agencies the budget and guidelines in contractual form. And relying on a mixture of independent regulation, quasi-market forces and arm-twisting to keep them on target.

Now no self-respecting politician - left or right - wants to be left behind from organisational change. From something that is variously seen as the "march of managerialism" or the "march of the market". And the changed climate gives more courage to challenge staff interests and traditions of public service - although France and Germany are having their problems currently! The inevitability of global change, the OECD or the European Union can, however, be blamed!

The current ferment in and about the machinery of government reflects the enormous advances in the thinking about management and organisational structures over the past 15 years as we have moved away from mass production methods further into a "Post-industrial" era.

Technical change has killed off the slow-moving dinosaurs, given consumers new choices and powers: and small, lean structures a competitive advantage.

The very speed and scale of the change, however, pose issues for the political system which need to be confronted -

- do political leaders really understand the reasons for the changes in the machinery of government ? Are they clear about the "limits of managerialism" - in other words about the identity of and defining features of public services "which seldom face market competition, rarely sell their services, cannot usually decide on their own to enter markets, are not dependent on making a profit and have multiple goals other than efficiency" (Goldsmith)

- do they have the determination and skills to manage a change programme in a coherent way : dealing with the resistance they will encounter ?

- as activities are delegated, decentralised and passed to the market, how will this affect the role of the politician ?

All of this requires new management skills in the public service: and strategic skills in our politicians.

This chapter started life as a discussion paper for the Public Administration Committee of the Slovak Parliament - as they prepared to debate proposals for administrative decentralisation. As I listed, and thought about, the rich variety of attempts which Britain, for example, had made over the past 25 years to reform its public administration system (several of which had absorbed so much of my time) I realised that they all seemed to start from a concern that the centre of governments (both central and local) was too "closed" - in structure and in recruitment and, above all, in its perceptions.

I could see different stages - and wondered whether these are phases through which all countries have to pass : or whether some of them can be "jumped".

Put crudely one can see the following "prescriptions" at work during these different stages -

1. Make the **centre more knowledgeable and coherent** : on the assumption that this will allow it more effectively to control destiny. And one of the routes to greater coherence is rationalisation of the machinery of local administration and government.
2. Make the operations of government more "business-like": ie **make the officials behave more like managers**. This means new systems of performance measurement.
3. **Bring in managers from the private sector** - to put the operations on a real business footing. This leads to smaller and more independent public agencies - but operating with tight central budgetary and standard controls.
4. Give **new public managers freedom to operate entrepreneurially** in the best interests of their customers.

From the mid-1960s Britain has been in the grip of institutional critiques and self-analysis (Coates), leading in the 1970s to major institutional changes ; in the 1980s to a neo-liberal backlash and reliance on the market ; and now in the late 1990s to radical critiques and calls for major policy overhauls (Banham : Bennett), written constitutions and a "stakeholder society" (Hutton) - seems to be taking a more analytical and process-oriented view of the process of change.

The purpose of this chapter is to -

- put the discussions about "New Public Management" in a wider context
- indicate the range of methods available to governments to make public services more effective
- allow us to see decentralisation and privatisation as possible responses to a similar problem : namely the impossibility of central government "control"
- explore the implications for role of government
- draws out some of the practical lessons (including mistakes) from Western Europe reform efforts
- introduce some key experiences and terms

1. REFORMING THE STATE: initial tinkering

The role and power of the State increased very significantly in Western European countries after the Second World War. Three main factors contributed to this -

- a determination to avoid the serious economic depression of the 1930s
- the demonstrable effectiveness with which victorious Governments had wielded new economic and strategic powers for the conduct of the war
- Keynes' intellectual legitimisation for a more interventionist role for Government (Skidelsky).

For more than 20 years - as the European and American economies, and their companies, expanded - it seemed that a magic formulae for economic prosperity had been discovered in the concept of the "Mixed Economy".

The various revolutions of 1968 were the first signs that something was wrong - that people felt an important part of themselves excluded and alienated by the remote decision-making of Governments and large Corporations alike. And that they were increasingly unhappy with the decisions being taken on their behalf.

It was, however, the oil-crisis of 1973 which started the intense questioning of both the scale and results of government spending the turmoil in thinking and practice about the operation of the machinery of Government which OECD countries have experienced in the past 25 years.

The "improvements" which have been attempted by OECD countries over the period include

- trying to strengthen the "policy analysis" capacity of government (making it more aware of options (Dror : Barker)
- developing the managerial skills of the civil service
- reforming and restructuring local government
- "regionalising" certain central government functions
- trying to strengthen the supervision ("watchdog") powers of Parliament over the Executive
- "zero budgeting" and other types of budgetary reform
- merging Ministries to get better coordination
- creating accountable units of activity : with clear tasks, responsibilities and performance indices (OECD 1995)
- developing systems of performance review of government programmes
- "contracting-out" public services after competitive bidding to private companies : for a limited period of time
- "hiving off" Ministry functions to quasi-public agencies
- increasing the accountability of senior civil servants : limited term contracts.
- establishing Regional Development Agencies
- establishing "citizen contracts"

Those undertaking the changes have been practical people: and practical people get impatient of anything that smacks of theory. With hindsight, however, it can be seen that these various solutions were attempted "solutions" to three differently defined problems -

managerial : which identifies as the main problem the skills and behaviour of the paid, permanent staff of the Public Service and therefore puts the emphasis on new techniques and structures (eg budgetary information on an output basis : more open appointments procedures : coordination devices) and on the need for stronger managerial skills and delegated responsibilities.

political : which targets weaknesses in the quality and influence of politicians and the public in policy-making : apparently unable to control an all-too powerful bureaucracy. The role of politicians is very much to make the system of government accountable : the World Bank is perhaps the most scandalous example of what happens when a system has no accountability (George : Rich). The British Select Committees and US Investigative Committees are examples of such efforts at greater accountability. Local government reorganisation also comes into this category. The power of politicians does of course vary in different systems. In the West, reformist politicians in central and local government have generally felt relatively weak in the face of the power of civil servant and professional bureaucracies, business and trade unions. Increasing the influence of politicians at national, local and regional level has therefore been one approach to the problem of bureaucratic power. In Central Europe the situation has been very different - with the (communist) politician being the pinnacle of a tightly-controlled hierarchy of power: in other words part of the bureaucracy which has to be challenged! And whose power remains as long as there is no law on the Status of Public Servants!

In the early 1980s I tried to make such a classification of the variety of "fix-its" to which local government in Britain had been exposed in the previous 15 years -

Nature of Problem	Symptoms	Managerial Solutions	Political Solutions
<p>POOR COORDINATION</p> <ul style="list-style-type: none"> • Political/official • Interdepartmental • Political/community 	<ul style="list-style-type: none"> • Passing the buck • Inter-organisational disputes • Foul-ups • Public distrust 	<ul style="list-style-type: none"> • Corporate planning • Departmental mergers • Liaison structure and posts • Working parties • Public consultation • Public relations 	<ul style="list-style-type: none"> • Political executives • All-purpose municipal councils • Neighbourhood committees
<p>MANAGEMENT</p> <ul style="list-style-type: none"> • Over-hierarchical structures • Inadequate skills 	<ul style="list-style-type: none"> • Delay • Lack of creativity 	<ul style="list-style-type: none"> • Management information systems • Training • Delegation • MOB 	<ul style="list-style-type: none"> • Limited-term contracts for senior officials
<p>POLITICS</p> <ul style="list-style-type: none"> • Adversary process • Internal structures • Rewards/support 	<ul style="list-style-type: none"> • Low polls • Crisis management • Petty arguments 	<ul style="list-style-type: none"> • Training for politicians • Office support • Performance 	<ul style="list-style-type: none"> • Mixed policy task-forces • Investigative Parliamentary Committees

	• Recruitment problems	review committees	
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Visible in that table is in fact a **third approach** which considers that internal reform will achieve nothing as long as Government remains responsible for both demand and supply of public services - the equivalent of being both judge and jury. The only effective mechanism is to put government programmes - and those who run them - on a more competitive basis. this means

- ensuring an organisational split between the specification and the provision of public services
- services (and key jobs) being allocated on short-term contracts.
- on the basis of agreed targets - which are audited
- whose achievement (or otherwise) affects both personal and contractual rewards.

2. REDEFINING THE PROBLEM

2.1 The task of making government "more business-like" or more effective is indeed a frustrating one for the reformer -

- the electoral cycle encourages short-term thinking
- there does not seem to be a definable "product" or measure of performance for government against which progress (or lack of it) can be tested.
- and even if there were, politicians need to build and maintain coalitions of support : and not give hostages to fortune. They therefore prefer to keep their options open and use the language of rhetoric rather than precision!
- The machinery of government consists of a powerful set of "baronies" (Ministries/Departments), each with their own interests
- the permanent experts have advantages of status, security, professional networks and time which effectively give them more power than politicians who often simply "present" what they are given.
- a Government is a collection of individually ambitious politicians whose career path has rewarded skills of survival rather than those of achieving specific changes
- the democratic rhetoric of accountability makes it difficult for the politician to resist interference in administrative detail, even when they have nominally decentralised and delegated.
- politicians can blame other people : hardly the best climate for strategy work

2.2 These forces were so powerful that, during the 1970s, writers on policy analysis seemed near to giving up on the possibility of government systems ever being able to effect coherent change - in the absence of national emergencies. This was reflected in such terms as "Policy drift" and "disjointed incrementalism" (Lindblom) : and in the growth of a new literature on the problems of "Implementation" which recognised the power of the "street-level" bureaucrats - both negatively, to block change, and positively to help inform and smooth change by being more involved in the policy-making.

2.3 In the meantime, however, the failure and inertia supplied the fuel for the development of neo-Liberal writing. Ideas of market failure - which had provided a role for government intervention - were replaced by ideas about government failure. The Economist journal recently expressed the difference in stark terms -

"The instinct of social democrats has been invariably to send for Government. You defined a problem. You called in the social scientists to propose a programme to solve it. You called on the Government to finance the programme: and the desired outcome would result.

What the neo-liberals began to say was the exact opposite of this. There probably wasn't a problem: if there was, social scientists probably misunderstood it : it was probably insoluble : and, in any case, government efforts to solve it would probably make it worse"

Jackson has summarised the arguments most succinctly - "Those economists who subscribed to the libertarian minimalist theories of the state argued during the 1970s that the welfare state had destroyed incentives. Unemployment benefit destroyed the incentives to search for work. Housing subsidies had destroyed the housing market and had probably been more successful in doing that than the blitz. High levels of taxation reduced the supply of work effort, the supply of savings and the propensity to take risks".

The very concept of rational government acting dispassionately in the public interest was attacked by neo-liberals on three grounds -

"Vote-maximising politicians, as the public choice theorists demonstrated (Buchanan and Tullock 1962) will produce policies that do not necessarily serve the public interest, while utility-maximising bureaucrats (Niskanen 1971) have their own private agenda for the production of public policies. The growth of the welfare state had brought with it an army of professional groups, who supplied the services. These were teachers, doctors, dentists, planners etc. They existed in bureaucratic organisations which were sheltered from the winds and gales of competitive forces. Provided free of charge at the point of consumption, there will always be an excess demand ; at the same time it is in the interest of monopolised professional providers to over-supply welfare services. Public expenditure on welfare services, in the absence of market testing, exceeds its optimum".

"The problems don't end there. Professional groups decide upon the level, mix and quality of services according to their definition and assessment of need, without reference to users' perceptions or assessments of what is required. The result is that not only is public expenditure on welfare services too high ; it is also of the wrong type".

"And finally the issue of efficiency; in the absence of the profit motive and the disciplinary powers of competitive markets, slack and wasteful practices can arise and usually do. Within bureaucracies, incentives seldom exist to ensure that budgets are spent efficiently and effectively. Often there is no clear sense of purpose or direction."

(Jackson)

3. BRITISH RUTHLESSNESS

3.1 Countries have, of course, varied in the focus and intensity of their reforms. This has reflected such things as their constitutional and policy patterns: and extent of felt crisis.

One of the first developed countries to feel a major identity crisis in the post-war period was Britain - as it attempted from the late 1950s to adjust to the new post-war realities. From the mid 1960s some of its elite began to look critically at the relevance to the new competitive circumstances of a machinery of government which had been designed to run an Empire which no longer existed.

The late 1960s saw the first attempts to introduce more "business-like" practices into both central and local government in Britain - attempts which have continued unabated ever since.

And which have been made easier by the absence in that country of such things as Constitutions, coalitions and administrative law!

When Lord Hailsham, one of its most respected Conservatives, talked in the late 1970s of the dangers of "Elective Dictatorship" few realised that we were about to see its realisation - and its use in a dramatic restructuring of the shape and role of both central and local government !

3.2 The Thatcher Government elected in 1979 in Britain was determined to inject purpose and direction into public services. Not, however, by trying to persuade an existing system - which had demonstrated what Donald Schon has called "dynamic conservatism". But rather by nothing short of a business takeover; using diktat and market forces.

The message was clear - professionals and local politicians might try to use the language of business methods: but, for a variety of reasons, it would remain rhetoric. It was unrealistic to expect such people to have either the commitment or the skills to operate in a business-like way!

Rather bring in the real thing - business conditions and businessmen. And those who couldn't cope could get out! And, during much of the 1980s, the clear message from the top was that the more who left the better!

3.3 The strength - and duration - of the political determination and leadership - (and John Major has, since 1991 very much continued the agenda) has produced a dramatic change in both the structure and culture of public services in Britain.

Fundamental concepts of public administration - eg hierarchy, equity and uniformity - have been unceremoniously dumped :

- government structures have been broken up - either by "hiving off" into independent units or by a sharp distinction being made between contractor and provider. Two thirds of Civil servants are now in free-standing agencies whose Chief Executives have been openly appointed.
- direct hierarchical supervision has been replaced by contractual relationships
- recruitment, grading and pay rigidities have been broken apart in the search for greater productivity.
- considerations of equity, impartiality and justice are replaced by those of consumer choice
- decisions by civil servants are replaced to an extent with market decisions.

- uniform universal provision gives way to user charges and choice among competing providers
- accountability only through elected bodies has been bypassed by Citizen charters, ombudsman and control through non-elected quangoes"

3.3 These are, of course, changes in the structure and style for the management of public services which continue to be funded from taxation (only the housing sector has experienced the removal of transfer funding). And there are those who say that structures are the easy things for politicians to meddle with - that they rarely produce measurable results: and indeed that any benefits are outweighed by the tangible and intangible costs of the upheaval involved.

Section five considers some of the early assessments and evaluations of this massive change.

4. AND OPPORTUNISM

The remarkable thing to note and explore at this point is that, despite the coherence with which the strategy can now be described, no one - least of all Margaret Thatcher - had any blueprint at the beginning. The strategy seems rather to have emerged as things developed!

- senior businessmen she brought in, as (often unpaid) advisers, established a system of "short-sharp" budget reviews in Ministries which soon identified significant savings. And encouraged management practices to ensure that these savings were pursued. This did build on a decade of work on new Financial Information Systems.
- they also indicated that normal business practice would not tolerate such large, unwieldy organisations : but would either break them up into "profit centres" led by chief executives with their own budgetary freedom - or sell off particularly those elements not central to the company.
- during the 1980s the government increasingly forced local government and health authorities to submit first their "auxiliary" services (such as cleaning, maintenance, building and meals) and then others to competitive tender. This gave early experience of separating in government the process of setting policies and standards from actually supplying them.

These experiences then suggested further - and generally deeper - innovations.

Some Factors behind the UK breakthrough

- no constitutional or legal constraints
- an electoral system which permits an elected dictatorship
- a strong Prime Minister
- with a vision
- lack of a unified public service
- generalist tradition of recruitment
- some surprise early successes in privatisation

The strategy has also been driven by changes in technology: which were both forcing and enabling a downsizing of organisations to meet the increasingly sophisticated demands of the modern consumer. And management writers were by the mid 1980s beginning to celebrate a new, lean shape of organisation. One of the epitaphs which had been written, rather presciently, about the most rationalistic of the first wave managerial approaches which had been attempted and abysmally failed in the 1960s - Planned Programming Budgeting -

"PPB is an idea whose time has not quite come. It was introduced government wide before the requisite concepts, organisational capability, political conditions, informational resources and techniques were adequately developed. A decade ago, PPB was beyond reach; a decade or two hence, it, or some updated version, might be one of the conventions of budgeting" (Schick 1969)

5. IMPLICATIONS FOR STRATEGIC CHANGE

The change process can therefore be summarised in the following way - the Prime Minister and her chosen advisers were determined to transform the operation of the public sector: not by the application of a detailed programme but rather by applying certain business principles to a new context.

Intent and principles do not seem to be sufficient to move an immovable object! That a very major shake-up did in fact take place in the shape and philosophy of public services in Britain is probably due to -

- certain qualities (eg courage/obstinacy, systemic learning capacity, staying power)
- contextual advantages (including luck) which allowed them so to do.

All this does suggest a major reconsideration of conventional assumptions about policy change. The pre-requisites of effective policy innovation used to be seen as clarity of purpose - and consensus. And then the structures and skills of implementation.

Now effective policy innovation is perhaps better understood in terms of the transformation of general policy concerns into significant change via

- strong leadership
- driven by a mission with certain legitimising principles which "strike a chord"
- major replacement of key staff
- demonstration projects
- networking and communications skills
- conversion skills

The management of health is where the most major changes have been carried out and a detailed assessment published in 1996 bears this out, describing the process in the following terms -

"After 1990, the centre adopted a clear project management function in relation to sponsoring the reform programme within the localities.

- a broad vision rather than a detailed blueprint at the beginning of the process
- the provision of a visible focus of central leadership within the Department of Health both at Ministerial level and overall project management to drive through key changes : use of tried and tested external advisers

- a more proactive communications policy "selling" the reforms to journalists and academics as well as civil servants
- parachuting key personnel from the centre into high profile localities : energising and resourcing allies
- sponsoring a programme of development projects which could quickly be held up as role models nationally : building up coalitions locally and support networks centrally
- identifying and intervening in "receptive" sites before moving on and diffusing the intervention to less receptive contexts".

(Ferlie, Pettigrew et al)

6. REINVENTED GOVERNMENT?

Other English-speaking countries (New Zealand and Australia) were also enacting similar changes - as were Scandinavian countries. The result has been a shift from Public Administration to Public Management.

The Americans, ever the effective marketers, have in the 1990s been using the rubric of "Reinventing Government" (Osborne and Gaebler) for their attempt to increase the effectiveness of government. Its ten injunctions do represent a neat summary of what has become a world-wide approach, known as New Public Management -

- Catalytic Government : Steering rather than rowing
- Community-owned Government : Empowering rather than serving
- Competitive Government : Injecting it into service delivery
- Mission-driven Government : Transforming Rule-Driven Organisations
- Results-Oriented Government : Funding Outcomes, not Inputs
- Customer-Driven Government : meeting their needs, Not the Bureaucracy
- Enterprising Government : Earning rather than Spending
- Anticipatory Government : Prevention Rather Than Cure
- Decentralised Government : from Hierarchy to Participation and Teamwork
- Market-Orientated Government : Levering Change through the Market

This is neat - and certainly useful for presentational purposes. But it is too general and simplistic for practical purposes. It fails to distinguish between different motivations for - and models of - change which have been evident in different countries and at different times. Ferlie et al have sketched out Four Models which are more sensitive to these considerations -

NPM 1 **FORDIST MODEL**

- increased attention to financial control : strong concern with value-for-money and efficiency gains : getting more for less : growth of more elaborate cost and information systems
- a stronger general management spine : management by hierarchy : a "command and control" model of working : clear target-setting and monitoring of performance : a shift of power to senior management
- an extension of audit, both financial and professional : an insistence on more transparent methods for the review of performance : more standard setting and bench-marking.
- greater stress on provider responsiveness to consumers : a greater role for non-public sector providers : more market-mindedness

- deregulation of the labour market and increasing the pace of work : erosion of nationally-agreed pay and conditions : move to highly paid and individually agreed rewards packages at senior level combined with more short-term contracts. Higher turnover
- a reduction of the self-regulatory power of the professions : a shift in power from professionals to managers : drawing in of some professional to management
- new forms of corporate governance: marginalisation of elected local politicians and trade unionists : moves to a board of directors model : shift of power to apex of organisation.

This is a reasonable description of British trends in the 1980s.

NPM 2 **DOWNIZING AND DECENTRALISATION**

- move from management by hierarchy to management by contract : creation of more fragmented public sector organisations at local level
- split between small strategic core and large operational periphery : market testing and contracting out of non-strategic functions
- moves to flatter structures : staff reductions at higher and lower levels
- split between public funding and independent sector provision : emergence of separate purchaser and provider organisations
- attempt to move away from standardised forms of service to one characterised by more flexibility an variety.

This is the phase Britain moved into in the 1990s

NPM 3 **IN SEARCH OF EXCELLENCE**

- (a) Bottom-up Form: radical decentralisation : emphasis on OD and learning organisation. The French reforms fall more into this category - as do the operations of the more progressive German, Dutch and British local authorities of the 1990s.
- (b) Top-Down Form: managed culture change programmes: stress on charismatic forms of top-down leadership. Corporate training, logos etc.

NPM 4 **PUBLIC SERVICE ORIENTATION (Scandinavian)**

- concern with service quality
- reliance on user voice rather than customer exit as feedback. Concept of citizenship
- desire to shift power back from appointed to elected local bodies : scepticism about role of markets in local public services
- community development
- belief in continuing set of distinctive public service values and tasks : stress on participation and accountability as legitimate concerns of management in the public sector

The Scandinavian reforms fall into this category - and the counter-attack in Britain in the late 1980s (Stewart and Ranson)

Sylvia Troia has looked at the very different approaches taken by Britain, France and Australia: the British and Australian changes being very much imposed on a resistant system by strong political leaders - the British "revolution" in particular being based on a quite explicit critique of the possibilities of the system reforming itself by normal methods of persuasion. This contrasts very much with the French - and German - approaches: where there has been more apparent confidence in the public service system - and where modernisation was seen as a matter for incremental and internally driven change.

French thinking is still affected by the Rousseauist sense of the "General Will" - and is to be seen in their formalised system of national planning, in the operation of their highly professional ENA elite who occupy most of the key positions in both the public and private sector - and in their structure of territorial administration of the State. And their attempt

over the past 15 years to decentralise that system has demonstrated that same centrally-driven and consensual approach.

Peters suggests that administrative reform can be reduced to four schools of thinking - often confused in practice. They are - "market models" (A); "the Participatory State" (B); "Flexible Government" (C); and "Deregulated Government" (D).

	A	B	C	D
Principal diagnosis	Monopoly	Hierarchy	Permanence	Internal Regulation
Structure	Decentralisation	Flatter Organisations	"Virtual Organisations"	No particular recommendation
Management	Pay for performance	TQM; teams	Managing temporary personnel	Greater managerial freedom
Policymaking	Internal markets Market incentives	Consultation negotiation	Experimentation	Entrepreneurial government
Public interest	Low cost	Involvement	Low cost Coordination	Creativity Activism

After reviewing the nature and policies of each model, he identifies **four basic questions** and looks at how each model tries to deal with them -

Basic Question	A	B	C	D
Co-ordination	Invisible hand	Bottom up	Changing organisations	Managers' self interest
Error detection	Market signals	Political signals	Errors not institutionalised	Accept more error
Civil Service	Replaced with market	Reduce hierarchy	Temp employment	Eliminate regulations
Accountability	Thro' market	Thro' consumer complaints	Not clear	Through ex-post controls

Hood gives us an interesting classification of the scale of the move to New Public Management (NPM) on the basis of the political incumbency -

NPM emphasis	Left	Centre	Right
High	Sweden	Australia Canada New Zealand	United Kingdom
Medium	France	Austria Denmark Finland Italy Netherlands	

		Portugal United States	
Low	Greece Spain	Germany Switzerland	Japan Turkey

7. MEASURING PERFORMANCE

The question then arises of how performance in public service can be measured.

In "normal" markets the profits of supplying companies are taken as a surrogate measure - although backed up by a battery of consumer testing and accounting ratios.

Clearly where competition is restricted governmentally and the government continue to supply the funding, some quantifiable measures must be found to measure the efficiency and effectiveness of the new managerial freedom.

Some things are easier to quantify than others: and therefore what we find is that the performance that tends to be measured is that for which statistics can most easily be organised ie waiting times and exam results. Measuring performance is relatively easy to do: but most measures direct managers toward short-term results and provide little link to broader government concerns and cross-cutting issues. Let's look at education -

MEASURING PERFORMANCE IN A SECONDARY SCHOOL

	QUANTIFIABLE	UNQUANTIFIABLE
RESOURCES Costs	Teachers Buildings	
SERVICE PROVIDED	Teachers Curriculum Class sites Support Staff School places	Quality of teaching Content of curriculum Facilities extra-curricular activities
OUTPUT	Pupils, by age	Special needs Background factors
OUTCOME	Attendance Exam Results Destination of leavers	Behaviour Non-academic achievements

Just how diverse are the choices for measuring performance can be seen in the diagram below - which covers the issues involved in the health system

8. STRUCTURING COMPETITION

People also need to be careful about some of the claims made for privatisation. Things are not quite as simple as they seem! Most of the British reforms which purport to introduce competition into the provision of public services stop short of establishing free, competitive markets.

Minimum Conditions of "Free Market"

1. Customers would be able to make a choice, both of the service to be purchased : and of the provider
2. Providers would be allowed to attract customers, by producing what customers want and by adjusting price and quality
3. There would be enough information on price, quality and availability to enable the market to function
4. There would be a sufficiently large number of purchasers and providers for both sides to be able to choose: and for no individual purchaser or provider to be able to determine the price.

Few of these conditions are in fact met by the reforms of the British Government. At its minimum level, a market reform may simply divide the public organisation into two parts - one of which is called the "purchaser", the other the "provider".

The next stage introduces competition between providers - whether in the public or private sector. Here there is still a single purchaser: but the purchaser organises competition among providers. This is the British local authority position now. And local authority departments have been able to win the majority of contracts.

A more competitive situation is found if there is more than one purchaser and provider units are able to seek out "customers". This might be called a "competitive internal market" and is very much how the British Health Service works now. District Health Authorities (DHAs) receive a budget from Central Government and act as the patient's agents, assessing health needs and purchasing health care to meet these needs.

The providers are basically the hospitals who are no longer under the control of the DHAs. They now compete with one another for contracts from them.

But in none of these "markets" have Governments allowed consumers as such (patients: pupils or their parents) to make the purchases directly.

Despite the use of the language of the market, it is implicitly accepted that such activities as health and education are "public goods" and require the Government to set both budget and policy parameters.

It is only the delivery of the activities - within these policy and resource constraints - that is the subject of competition. As Jackson concludes, in his excellent review of the British situation in 1993, "what is being supplied in the health reforms is not patient-focussed care but budget-focussed care."

For all that, the changes mean that the basic management unit - whether in health, social services or education - is not only closer to the customer but has to focus on the "customer" (however defined). In view of the speed of change, this can only be to the good - however daunting it has been to those suddenly given this new responsibility and required to develop new managerial, budgeting and marketing skills.

One of the many books published recently on school management and leadership described the new context in the following terms -

- Significantly enhanced levels of parental choice
- Considerable changes in staffing patterns, more para-professionals, core and periphery staff, fixed-performance contracts etc
- Radical changes in the nature of teaching and learning as the impact of the new technologies gathers pace
- Greater varieties of financing - with blurring between state-only and private-only funding of schools
- Contracting-out of educational as well as service elements of schooling
- The development of national curriculum and testing frameworks is providing measures of output and value-added
- Pressure is on to increase performance with the same resource value
- Increased differentiation between schools encourages more specialised provision

9. WHAT HAVE THE RESULTS BEEN?

Clearly changes of this sort pose particular problems of measurement.

What exactly is it reasonable to expect from the changes - now or in the future?

- Reduced public spending?
- clear examples of significant budget savings?
- Lower unit costs of delivering public services?
- higher rate of policy entrepreneurship?
- More satisfied consumers of specific services?
- More highly motivated staff?
- greater public confidence in government ?

There is no agreed measure. Budget savings in one area of spending (eg reduction of hospital beds for mentally ill) can cause costs elsewhere (in the local government budget for dealing with homeless people).

The introduction of Citizen Charters - specifying the standard of service the consumer should expect - can often raise expectations and increase dissatisfaction !

Certainly the share of government spending has remained broadly the same in Britain over the period 1979-1996 - largely due to the effects of increased unemployment on social security payments.

And objective assessment would want to give due weight to the following issues which have been noticed -

9.1 Budgetary responsibility has led to **increased productivity** (through shedding of staff): and **increased sense of staff responsibility** - which is generally welcomed (Davies and Ellison).

9.2 Services seem to be run on a more rational basis: mission statements and business plans result in **clear output specifications leading to more accountability and continual review of standards and costs.**

9.3 Public Service Organisations have become **more oriented to the customer:** and the reduction of union power makes staff more innovative and accountable to managers and client-groups.

The "downside" of the new managerialism includes certain additional costs; and fragmentation.

9.4 Additional Costs. There are two sorts - first **transaction acts:** markets are not costless to run. "Hospitals, for example, have had to set up new and expensive management information systems (one estimate puts this at one billion pounds) that will inform pricing decisions. And then there is the administrative cost of billing - and monitoring and suffering late receipt of revenues. The gamble is that the long-run dynamic efficiency gains of the new administrative arrangements will outweigh short-run welfare losses" (Jackson). If new systems are to produce efficiency savings, then four things are necessary

- new cost information systems
- cost control systems
- managers who are sufficiently well trained in interpreting these new information systems
- appropriate incentive systems

9.5 **Regulation and Audit Costs**

In recognition of the continuing monopoly element in services which have been fully privatised or which are at an earlier stage, the government has had to bring into existence a complex and costly machinery of regulation and audit - with independent and powerful agencies and agents.

9.6 Instances of **financial irregularities** from "competitive, contractual, insular and adversarial culture" See Caiden

9.7 **Short-termism and fragmentation** : the emphasis on output, measurement and achievement - by core agencies working to their own budgets and with increasing performance-based remuneration - downgrades, at least for the moment, long-term strategic work.

Staff morale in many British public services was, by 1997, low - and not helped by the centralist nature of the continuing political control. The way many of the changes were

introduced in Britain in the 1980s and 1990s left angry and demoralised staff at lower levels - although the increased levels of remuneration and responsibility have clearly increased senior managerial satisfaction.

The new Agencies may now be free from the traditional bureaucratic constraints on initiative : be free for example to appoint their Chief Executives from the private sector on limited term contracts - who then are able to make further executive appointments. But the reality of constraint does not appear greatly to have changed. The new agencies now operate in a strong framework of performance and audit control controlled from above. It is as if the Treasury - having lost managerial control - were now reasserting themselves through contract and audit systems! Plus ça change, plus c'est la meme chose !

What is called the "new" public management may be new for the public sector - but in no way brings the public sector closer to best practice in the private sector. Rather the opposite. It represents a move from bureaucracy to scientific management against which private management was reacting two decades ago (Pollitt). When the problems of this approach are recognised there will be a movement toward one (or several) of the other models.

10. PUTTING IT IN PERSPECTIVE

In all the excitement of the present ferment, it is all too easy to imagine that we are confronting these issues for the first time: in fact argument about how to run government and public services goes back many centuries and the present debates are in some ways a replay, in different language, of those debates.

Whilst the technology and skills have certainly presented us with new opportunities, perhaps a touch of humility or sense of history might help us in these frenetic times?

1988 saw the publication of a particularly interesting and strangely neglected book - "Administrative Argument" (Hood and Jackson) - which took such a perspective and managed to produce 99 different "solutions" which had been advanced at one time or another to the issue of improving administrative performance.

In so doing they distinguish "doctrines" from "justifications" - doctrines are "administrative maxims about who should do what - and how" ie **views about which sort of people; and what sort of structures and procedures** should be used in decision-making.

If ever we needed a lesson in the need for a measure of scepticism toward the enthusiastic marketing of the latest management fashion, we have it in the brief list of these 99 solutions - many of which happily contradict one another. Sometimes the need for continuity in staffing is stressed: sometimes the need for turnover. Sometimes openness; sometimes secrecy.

"Justifications" denote the reasons which are given to follow a particular doctrine - such as equity, efficiency or adaptability.

And the relative value societies have given to such considerations changes over time.

We have become more aware, recently, of how we try to make sense of the confusing world around us by using metaphors: and how those same metaphors then influence our perceptions.

This has been particularly true of our approach to organisations (Morgan). Hood and Jackson suggest that we tend to use three general "stereotypes" -

	Military Stereotype	Business Stereotype	Religious Stereotype
Slogan	Run it like the army	Run it like a business	Run it like a monastic order
Work force	Limited career	Hired and fired	Service for life
Motivation	Fear of punishment Hope of honours	Fear of dismissal Hope for money	Fear of damnation Hope for salvation
Control	Audit of war	Impersonal	Faith; social acceptance
Objective setting	Orders of day	Profit	Worked out at length in discussion and reflection
Belief	Obedience to leadership brings efficiency	Incentives to reduce waste and search for innovations	Lifetime internal commitment limits rash selfish ideas

And, in a later essay, Hood spells out in more detail the different elements of NPM -

DOCTRINAL COMPONENTS OF THE NEW PUBLIC MANAGEMENT

No.	Doctrine	Meaning	Typical Justification
1	Hands-on professional management of POs	Visible management at the top; free to manage	Accountability requires clear assignment of responsibility
2.	Explicit standards and measures of performance	Goals and targets defined and measured as indicators of success	Accountability means clearly stated aims
3.	Greater emphasis on output controls	Resource allocation and rewards linked to performance	Need to stress results rather than procedures
4.	Shift to disaggregation of units	Unbundle public sector into units organised by products with devolved budgets	Make units manageable; split provision and production; use contracts
5.	Greater competition	Move to term contracts and tendering procedures	Rivalry as the key to lower costs and better standards
6	Stress on private sector styles of management practice	Move away from military-style ethic to more flexible hiring, pay rules, etc	Need to apply "proven" private sector management tools
7.	Stress on greater discipline and parsimony	Cut direct costs; raise labour discipline	Need to check resource demands; do more with less

11. WHAT IS THE ROLE OF THE STATE?

As events have unfolded, various questions which were once seen as simply academic have forced themselves on politicians - such as

- What exactly do we expect of the State in the new era?
- How can these responsibilities best be handled?
- Are there any real differences between management in the public and private sector? If so, what are the implications?

If one thing has been learned in the past decade it is the difference between Governments having a responsibility for something on the one hand - and the government machine trying itself directly to deliver services to fulfil that responsibility. Government does not make an effective producer : it cannot generate the relevant resources - or staff skills. Nor implementable ideas. That requires a market.

This, however, is not an excuse for laissez-faire ! For the market is a social construct : it will work only if there are in place systems of rules and organisations which are trusted by people (Casson). That basic point is particularly evident to anyone who lives in some parts of Central and most parts of Eastern Europe -

"Private property is not an object but a social relation, a bundle of enforceable rules of access and exclusion that function properly only if public authorities use coercion to exclude nonowners and maintain owner control over resources, predictably penalising force and fraud and other infractions of the basic rules of the game" (S. Holmes)

The proper task of Government is to ensure that the creative skills and initiative of individuals are released - and sustained - through (different sorts of) market. Paradoxically for many people, however, this involves a highly interventionist role for government - in both West and Central Europe !

The 1990s has seen a growing understanding everywhere that "the market" is not only backed up but also constructed by rules of the State.

But these are not static - but constantly changing to reflect social attitudes to such things as balance between the individual and the wider community: between the present and the future. Fons Trompenaars has written the clearest and most practical of the recent books on how the market is differently defined according to the different meanings given by different national cultures to such concepts as -

- Universalism v Particularism (rules versus relationships)
- Collectivism v Individualism (the group versus individual)
- Neutral v emotional (range of feelings expressed)
- Diffuse v Specific (the range of involvement)
- Achievement v Ascription (how status is accorded)
- Attitudes to Time
- Attitudes to Nature

This has a strong bearing on the interesting contemporary debates relates to the type of capitalism which will emerge in Europe and Asia in the next decade: will it be the "stakeholder" variety represented by the mainland Europeans or the more individualistic Anglo-Saxon sort (Albert : Etzioni : Hampden-Turner) ?

Japan is very much a litmus test for this argument (Dore). "The Economist" is a journal which very much takes the former view and concluded a special supplement recently in these terms -

"One of the reasons why many Japanese have been reluctant to let go of their clannish approach to life is that it provided a sense of belonging together, a comforting awareness that a man is not alone with his problems, that he has companions around him. Even liberal Japanese who accept that the time has come to move on to a more individualist-based system of politics and economics hope that it can be done without losing the spirit of community.

"Quite a lot of Americans and Europeans are now prepared to say, with one qualification, that they see what the Japanese mean. There is no substitute for individual energy and individual decision-making as the engine of modern life. But this engine has to operate according to a generally accepted set of rules. Otherwise individualisation will become atomisation : and, in an increasingly urbanised world in which access to the means of consciousness-raising and the instruments of violence has become easier than it used to be, atomisation is a frightening word.

"Yes, says this sort of Western liberal, the Japanese are right to want to preserve a sense of community. The one qualification is that so far the Japanese definition of "community" has been a group organised from the top down, in which the top man is offered much deference by those below him. That authoritarian definition will not work in the future: tomorrow's community will have to be one in which the standards are defined, and freely agreed upon, by the community' members.

" But this does not look like an insuperable problem. The Japanese wants to move toward a more individualised Japan without letting go of a sense of community: these Western liberals are trying to get back to the reassurance of community while holding on to the basics of individualism. They are, as it were, shuffling backwards to each other."

(p22 of Special supplement of The Economist 13 July 1996)

In his helpful review of the revolution in thinking about the role of the State and of public administration, Hughes suggests 7 basic functions for the State as we approach the new millennium -

- to provide such economic "infrastructure" as : definition and protection of property rights, enforcement of contracts, provision of currency, law and order, laws on bankruptcy, patents, copyrights etc
- to provide various collective goods and services
- to resolve and adjust group conflicts
- to maintain competition
- to protect natural resources
- to provide for minimum access by individuals to the goods and services of the economy
- to stabilise the economy

For the present Central Europe context, Balcerowitz has put the matter succinctly -

"The proper view of the state should consider two fundamental premises (a) the state has only limited resources of time, administrative capacity and money : (2) the capacity of the state to deal with different problems varies, mainly because of varying informational requirements.

These explain why a well-focussed state is even more necessary in transition economies than in established market economies. The state resources in transition economies are much more limited ; while the fundamental tasks of systematic transformation and monetary stabilisation are far greater than in any developed market economy" (Balcerowitz p 249)

12. **HOW SHOULD THE STATE'S RESPONSIBILITIES BE CARRIED OUT** -

Central Government has a very real choice about the way in which it carries out its responsibilities to the public. Three methods are available -

12.1 by direct central government provision

- ie by Ministries providing the services - on (more or less) a free basis

12.2 by individuals making their own choices in the market

- the role of Central Government being -

- to help greater equality of purchasing power by taxation
- to ensure there is proper competition and choice
- to ensure there is a free flow of information about services

12.3 by Government providing the resources (and strategic guidelines/regulations/audit) but encouraging other (independent) agencies to determine and manage the detailed shape of the activities. Alternative agencies include -

- local self-government
- specially established Agencies or Partnerships
- nationalised companies
- private companies : through "contracting-out"
- non-profit organisations

The real debate has now moved beyond the sterile slogans involved in the first two options to a "mixed-model" of provision. Tomkins has supplied a useful typology -

- Fully private
- Private but with part-State ownership
- Joint Private and Public Venture
- Private regulated
- Public Infrastructure : operated privately
- Contracted out
- Public with managed Competition
- Public without competition.

13. THE TOOLS OF GOVERNMENT

Etzioni, in a classic work, has suggested that the various devices used in business and politics to achieve one's ends are three in number - The first two are clearly understood - incentives and threats.

Incentives : when it is assumed that the desired behaviour can be produced through inducements - vague or concrete, financial or psychological. In Britain, the regular publications of systematic INFORMATION of an independent Audit Commission about the comparative performance of public services ("benchmarking") acts as a useful spur on local authorities and Agencies to improve their performance.

Threats have to be backed up by penalties; the British approach to controlling the legality of local government decisions is a good example : the Chief Officials have the clear responsibility for advising local councillors if their proposed decision seems to be illegal. If the councillors ignore that advice - and if, subsequently, their action is ruled illegal in the Courts, they are individually liable for the financial consequences of the decision. And if - as a result - they go financially bankrupt, they are automatically disqualified from local government service. The law has been applied only on a few occasions but is a powerful deterrent.

The third device is more subtle - and refers to the process whereby one party to the relationship absorbs over a period of time the assumptions, concerns, ways of looking at the world of the other partner

Central Government can do this through consultative structures, joint training and pilot projects : but local authorities might equally do the reverse !!

CONCLUSION

There were not, in the early 1970s, many politicians interested in reforming the machinery of government. For politicians, the name of the game is reputation and survival - and some had had their fingers burned in the 1960s during the first wave of over-optimistic attempts in America and Britain to apply management techniques.

And, whatever the appearance of coherence at election time, a Government is a collection of individually ambitious politicians whose career path demands making friends and clients rather than the upsetting of established interests which any real reform demands : the machinery of government consists of a powerful set of "baronies" (Ministries/Departments), each with their own (and client) interests to protect or favour : governments can always blame other people for "failure" : and distract the public with new games - and faces.

To think in terms of achieving results seemed to require an eccentric mixture of policy conviction, single-mindedness and political security which few leaders then possessed. What one might call the "constituency of reform" was simply too small for major reforms even to be worth attempting.

Now, however, the picture seems very different. Encouraged by the examples set by countries such as Britain, New Zealand, Australia and Finland, government reform has become all the rage throughout the world in the past ten years.

Initially involving the divesting by government of industries such as Steel, Gas and Telecommunications, the reform of government has spread deep into the thinking about how the basic system of government and of social services should be managed - and what that means for the role of government.

The talk is now of the "enabling" state - of government no longer trying itself to produce things and run services but rather focussing on strategic purposes and using such mechanisms for their achievement as giving independent public agencies the budget and guidelines in contractual form: and then relying on a mixture of independent regulation, market forces and arm-twisting to keep them on their toes.

Further Reading

a. Administrative reform Overviews

Caiden GE Administrative Reform Comes of Age (Berlin : de Gruyter 1991)

- the definitive historical (as distinct from conceptual) treatment to the public administration reform efforts of the past three decades in OECD countries. It is particularly strong on the various bureaucratic pathologies - and the range of responses to deal with them (although not as systematic as Hood and Jackson). For an academic book it is passionate and well written although its final recommendations are a bit of a damp squib. His assessment leads him to consider that externally imposed reform is generally disappointing; for the following reasons -

- many of those who decide on reform are themselves strangers : reform is just another assignment, from which they will soon move on
- many of those on whom the burden of reform have their own agenda and cannot be entirely neutral about reforms whose very nature can be seen as an indictment of them. Naturally they are resentful and suspicious: but they may also have a superior grasp of the situation to realise that the proposed reforms may worsen rather than improve the status quo.
- many public organisations are considered experts in their fields. How find equivalent or superior expertise?
- reforms are at the mercy of determined internal resisters : the deeper the resistance, the more needed the reform".

In these circumstances, the process of self-renewal has much to commend it - but "relies unduly on the interest, talent and capability of people within the organisation - and is restricted to how they define their problems and view the world". The last decade has, however, brought into being a variety of forces and mechanisms which now exert considerable pressure to keep performance high - such as performance audits, ombudsman offices, suggestion schemes, quality circles, codes of ethics and whistle-blowing protection. "These are all devices for drawing public attention to administrative deficiencies, mobilising public opinion behind reform, investigating bureau-pathologies, designing reform policies, marshalling support and resources for reform and generally monitoring the progress of reform. No longer is there any excuse for not knowing what to do and how to proceed. It is only a question of willingness" (Caiden 1991 : p144) On this basis, Caiden then looks at "Common Pitfalls". For more detail see the chapter on Managing Change.

What was also missing for me, as I read it in 1997, is a link with the huge literature of the 1990s on managing change - and organisational learning.

Eliassen K Managing Public Organisations (Sage)

Eur Foundation
for Q M Self-Assessment Guidelines for the Public sector (1997)

Hood C
/Jackson M Administrative Argument (Aldershot 1991)

- a must for those contemplating any form of reorganisation : the authors identify no fewer than 99 different prescriptions and rationales for better public management which have been used over the centuries - each of which has its equally plausible opposite. See also Hood's later essay "Exploring variations in public management reform of the 1980s" in Bekke (above)

Hughes Owen Public Management and Administration : an introduction (Macmillan 1994)
- just as it says ! And all the more interesting because written from the Australian experience. At the moment the most comprehensive introduction to the issues.

McKevitt D Managing Core Public Services (Blackwell 1998)

- the texts on the "new public management" (NPM) are generally unsatisfactory. They consist generally of breathless reviews of the various changes which have taken place in the organisation of public services (particularly Anglo-Saxon) - contrasting the badness of the old with the vigour of the new.

Sometimes, but rarely, an attempt is made to assess the impact on the consumer of the reforms.

Even more rarely does anyone try to explore whether and why certain services are "non-marketable" and therefore need to remain "public" - and how we can avoid throwing the baby out with the bathwater. The early part of this book seemed to mark it out as an exception with its identification of three distinctive features to core "public services" -

- differential information between providers and suppliers
- the provision of socially important and interdependent services
- the concept of professionalism as a relation of trust and agency between providers and clients.

McKevitt also notes the three very different reasons (sovereignty, natural monopoly and social welfare) for the functions remaining in the public sector and concentrates on the latter (HEWS)

The emphasis then given to the concept of Street Level Public Organisations (SLPO) and the recognition that this creates a systemic tension between the legitimacy of claims from (a) government (b) clients and (c) professionals is a very helpful framework for thinking about the reforms of the past 2 decades. This - and his use of case studies from Sweden, New Zealand (particularly detailed on educational reform), Germany and England - allows the author to conduct a credible critique of the British reforms stemming from the stifling of the "voices" of the second two groups (also to suggest that they have suffered from inadequate use of legislation (?) - and anachronistic use of the mechanist model of organisations.

Sadly, however, the book does not live up to its early promise - its heavy use of quotations and examples crowds out the coherence of the chapters on investment and strategic control; and its constant references to later elaboration of tantalising allusions makes the text increasingly scrappy.

Minogue M Beyond New Public Management – changing ideas and practices in Governance (Elgar 1998)

Nutley A. and
Osborne S The Public Sector Management Book (Longman 1994)
- a very clear and practical introduction to the topic !

Peters G The Future of Governing ; four emerging models (Kansas Univ Press 1996)
- if there is one text I would give a serious ruler who asked for a clear and definitive text on the topic, this would be it! It's an extended essay which tries to identify the assumptions about problems" and "solutions" which hid underneath the blueprints they are given

Pollitt C
Bouckaert G Public Management Reform - a Comparative Analysis (OUP 2000)

Salamon LM Beyond Privatization - the tools of government action (Urban Institute Press 1989)

Turner M
Hulme D Governance, Administration and Development - making the State work (Macmillan 1997)

Wilson JQ Bureaucracy - what Government Agencies do and why they do it (Basic Books 1989)

- should be read in conjunction with the Osborne book (section 1.1). Simply the definitive book on the subject! MacDonald's is a bureaucracy par excellence – so what makes it different from a government bureaucracy? Three reasons, according to Wilson - Government agencies can't lawfully retain monies earned; cannot allocate resources according to the preferences of its managers; and must serve goals not of the organisation's choosing, particularly relating to probity and equity. They therefore become constraint-oriented rather than task-oriented. He suggests that agencies differ managerially depending on whether their activities and outputs can be observed; and divides them into **four categories – production, procedural, craft and coping agencies.**

World Bank The State in a Changing World (World Development report 1997 OUP)
- the book which raises the question of whether the leopard can really change its spots ?
From rubbishing the role of government, the WB in this publication starts to argue a very different thesis.

Wright V. "Reshaping the State; Implications for Public Administration" West European Politics, pp 102-34 (1994)

- a very stimulating essay which lists the full range of interventions attempted by West European Government in the past 2 decades.

Articles

"Why is it so difficult to reform Public Administration?" Francois Dupuy (PUMA 1999)

b. British Experience

Commoner Flynn N.

and E. Mellon Managing Public Services - competition and decentralisation (Butterworth and Heinemann 1992)

- a clear introduction to the new challenges.

Elcock H. Change and Decay in Public Administration in the 1990s (Longman 1991)

- good introduction to the developments in Britain.

Farnham D and

Horton S. Managing the New Public Services (Macmillan 2nd edition 1996)

- You've read the theory: now assess the practice. This is an excellent overview of the impact of the "managerialist" ethic which has been imposed on public services in Britain over the past 15 years on managerial functions in national and local government service and the health service generally - and services such as education and police. Chapters are included on strategic management (Elcock), Financial Management and Quality, Marketing, Personnel and I.T.

The conclusion lists the following benefits from the approach -

- budgetary responsibility has led to increased productivity (through shedding of staff) : and increased sense of staff responsibility which is generally welcomed
- services seem more rational : mission statements and business plans result in clear output specifications "leading to more accountability and continual review of standards and costs"
- PSO have to be more responsive to the customer : and the reduction of union power makes staff "more innovative and accountable to managers and client-groups"

Problems indicated about the new managerialism are -

- its philosophy is autocratic
- and politicised
- staff morale low
- transaction acts and "balkanisation"
- instances of financial irregularities from "competitive, contractual, insular and adversarial culture"

Ferlie E et al The New Public Management in Action (Oxford 1996)

- this is the first book to look at the British developments (mainly health) from the perspective of organisational theory. And critically.

Foster C and

Plowden The State under Stress - can the Hollow State be Good Government? (Open University Press 1996)

- they attribute 10 principles to NPM ;

- separating purchasing public services from production
- serving consumers rather than bureaucratic, political or producer interests
- using market pricing rather than taxes
- where subsidising, doing so directly and transparently
- extending competition
- decentralising provision
- empowering communities to provide services
- setting looser objectives, and controlling outputs rather than inputs
- bringing about deregulation
- prevention of problems rather than cure, through planning

Much of their analysis is concerned with the different methods and effects of the first separation - particularly in relation to the role of the political system.

Hecllo H and

Wildavsky A The Private Government of Public Money (Macmillan 2nd edition 1981)

- probably the most insightful book ever written about attempts to reform the budgetary process. Draws on interviews carried out with British policy-makers in the late 1960s and early 1970s.

Jackson Peter "The New Public Sector Management : surrogate competition and Contracting Out" : chapter in Privatisation and Regulation : a review of the issues

- very crisp overview .

Lovell Roger Managing Change in the New Public Sector (Longman 1994)

- Highly recommended as a handbook for public sector reform (in the British context). The first part draws on practice and research to give useful frameworks for thinking about such issues as -

"Gaining Support for Change" (chapter 4),

"Understanding People" (chapter 5),

"Communications during Change" (chapter 6)

"Managing Resistance to Change" (chapter 7)

"Helping Individuals cope with change" (chapter 8)

The second part looks at Instruments of Change (including empowerment, quality, the citizen's charter and contracting)

The final section of the book considers 7 case-studies (eg DVLA, Benefits Agency, HMSO, Employment Service, the Stamp Office)

Metcalf

and Richards Improving Public Management (Sage : 2nd edition 1990)

Morgan and Murgatroyd Total Quality Management in the Public Sector (Open University Press)

Pollitt C and Harrison S Handbook of Public Services Management (Blackwell 1992)

- The introduction gives a clear and coherent perspective on the confusing changes and buzzwords of the past decade. It first establishes what is **distinctive about public management** - accountability to politicians; difficulty in establishing goals and priorities; the complexity of organisational networks; rarity of competition; relationship between provision, demand, need and revenue; processing people; professionalism and line management; the legal framework. **Four themes** are then used by an equal mix of practitioners and academics to look at the challenges prevailing at the beginning of the decade in a range of UK public services viz

- evaluating
- controlling ps professional
- new approaches to resource management
- strategic management.

It is very much "work in progress", reflecting the uncertainties and possible choices lying ahead in the 1990s. Now more of historical interest.

Rhodes R (ed) "British Public Administration : the state of the discipline" - spring 1995 issue of Public Administration

- the most thorough description and analysis of the dramatic changes in thinking about public administration and government in the past decade (see also Pollitt). Contains chapters on "Administrative Theory" (Dunsire), "Public Law" (Drewry), "Public Policy" (Hogwood), "From Public admin to Public management : reassessing a revolution ?" (Gray and Jenkins), "Intergovernmental relations" (Stoker), "Comparative Public Administration in UK" (Page), "Shifting sands: teaching public administration in a climate of change" (Greenwood) and "Emerging Issues in public administration" (Hood)

Willcocks L and

Harrow J Rediscovering Public Services Management (McGraw Hill 1992)

- most of the books on the new public management are written by public administration academics who bring a specific worldview to the experience. There are curiously few assessments of the radical changes from the management perspective - whether theorists or practitioners. This is one such collection ; the first section reviews "the current managerial ethos" (Vinten), "strategic management in public services" (McKevitt), "Innovation and organisational learning" (the eds). Part Two looks at such issues as - the manager/consumer interface, monitoring the manager, the manager as technologist : and the management of the Health, Social and Police Services.

ALSO

Administrative Reform is not the-be-all-and-end-all of modernisation. It takes place in a wider political, economic and social context: it needs to be sensitive to that if it is to be effective. Recent British history is perhaps the best documented of the **ROLE** of such reform in the **wider context of strategies for change**.

Banham John The Anatomy of Change - blueprint for a new era (Orion 1995)
a salutary read for those dealing with the problems of Central Europe, it demonstrates that the development task is one of permanent renewal !

British political institutions are held in such respect - and yet patently still needing major rethinking (30 years after the modernisation concern was first raised) on

- the machinery of government (and on political and official roles)
- the educational and training system
- the housing market
- the health and social policy systems

John Banham is uniquely placed to write about these issues, having been Director of the UK Audit Commission concerned actively to explore ways of increasing the operational effectiveness of Local Government and the Health Service - and his solutions are a stimulus to policy development in central Europe.

Blackstone T

Plowden W. Inside the Think-Tank : advising the Cabinet 1971-1983 (Heinemann 1988)

Coates David The Question of UK Decline : state, society and economy (Harvester 1994)
- a model of a careful and critical analysis of the variety of "explanations" which have been offered over the past few decades for this phenomenon.

Commission for

Social Justice : Social Justice - strategies for national renewal (Institute for Public Policy Research London 1994)

- commissioned by John Smith, the late Leader of the British Labour Party, to redefine this concept 50 years after the creation of the Welfare State, this top-level group produced a most stimulating tract.

Its basic concern is to extend universal opportunities for financial independence, work, lifelong learning, good health, safe environment and equal opportunities : the opening chapters look at causes and remedies viz "the ways in which the economic, social and political revolutions of our times have left the UK tied down by economic inequality and political centralism". Chapter 3 sets out 3 different directions offered by 3 outlooks labelled as "The Investors", "The Deregulators" and "The Levellers". Considerable emphasis is given to "responsibilities" - and to the need for community decision-making

Garrett J. Westminster - does Parliament Work ? (Gollancz 1993)

- the author is a management consultant and an MP and has written here a tough account of why Parliament does not work.

Hecló H and

Wildavsky A The Private Government of Public Money (Macmillan 1974)
- probably the most insightful book ever written about attempts to reform the budgetary process. Draws on interviews carried out with British policy-makers in the late 1960s and early 1970s.

Hutton Will The State We're In (Jonathan Cape 1995)
- a passionate but also analytical British case-study ; of why it has been in terminal decline for so long and what must be done. Written in the political economy tradition, the central economic argument is an old one - that the weakness of the British performance lies in its financial system ; that the targets for profit are too high and the time horizons too short. On the administrative side - "Arrogant executive discretion, official secrecy, centralisation of power and the lack of engagement with the concerns and groups that make up civil society (which so disfigure the operation of British companies as well as Governments) have their origins in the semi-autocratic system of government."
The book's originality and power lies in the connection it makes between the arguments for strong democratic institutions and civil society and the performance of the economy. In this it is highly relevant reading for Central Europe!

Jenkins
Simon Accountable To None : the Tory Nationalisation of Britain (Hamish Hamilton 1995)

a salutary read for those who believe that Thatcher has loosened government control of public services in Britain and allowed the market to decide.

The reality of the past decade has been an enormous increase in Central Government power and detailed controls over local government (its financial autonomy now extinguished with only 18% of its revenue now coming from own sources - compared with almost 60% in 1979) : and over police, health, schools, universities and housing.

And a costly series of policy disasters (eg the poll tax farce is reckoned to have cost 20 billion pounds: schools policy and Rail privatisation actually went against neo-liberal policies), meaning that public expenditure (at 45% of GNP) is now higher than when Thatcher became PM in 1979. And Jenkins draws on impeccable sources to demonstrate that it has consistently been services controlled by central government that have grown - not those in the 1980s controlled by others!

Britain's public service system was, pre-Thatcher, a tripartite one - with "services authorised by the national Government, their level fixed and partly financed by local councils, and they were administered by the professions. The public sector operated on the basis of a wide range of treaties, between tiers of government, institutions and occupational groups. Thatcher tore up these treaties....standardised performance measures and assessments of personal and collective need brought the Treasury nearer to that goal of twentieth century socialism, the equitable, national unit of welfare, the perfectly efficient state."

This is a balanced book - with Jenkins giving Thatcher credit (on pp244/245) for industrial privatisation and sale-of-council houses, for the purchaser/provider split and the audit culture (although he thinks it has gone too far).

What is interesting is (i) how much Thatcher had to be pushed into this ultimate agenda (only after her 1987 victory) (ii) how much of the momentum has really picked up only

under Major and (iii) the extent to which the story of such an incredible centralisation is very much one of the Treasury wreaking its revenge for the period in the late 1970s when it seemed to lose its traditional control. An essential case-study for Central Europe.

c. Case Studies (European and Comparative studies)

What purport to be comparative studies very often turn out simply to be juxtapositions in the same book of single country experiences - with no comparative overview or framework. Exceptions are Coombes, Olsen, Peters, Pollitt and Troia below.

Boston et al Public Management ; the New Zealand Model (Oxford 1996)

Colomer J. Political Institutions in Europe (Routledge (1996)

- a concise and excellent introduction to the institutions of 15 countries in Western Europe written by some of the best European political scientists. Each chapter is written on a common format - helping comparison and covers parties, electoral rules and outcomes, parliaments, and national, regional and local governments

Coombes D and

Verheijen Public Administration Reform - exchanges between central and Western Europe (European Commission 1996)

- a very worthwhile exploration of west and central (Bulgaria, Hungary and Slovakia) European experiences through three perspectives ; east, west and then jointly !

Eliassen and

Kooiman Managing Public Organisations : lessons from Contemporary European Experience (Sage 1993)

Farnham D and

Horton S. New Public Managers in Europe - public servants in transition (Macmillan 1996)

- a rare collection of assessments of how the radical changes in organising government services have affected the working practices of officials in Belgium, Britain, Finland, France, Germany, Ireland, Italy, Netherlands and Spain.

Flynn N and

Strehl Franz Public Sector Management in Europe (Harvester 1996)

- looks at how Sweden, UK, Netherlands, France, Germany, Austria and Switzerland are dealing with issues of planning, budgeting and managing people : and the process of changes they have enacted in these systems in recent years. Some impressions to emerge are -

- the apparent inability of the centralised French system to reform itself
- the initiatives of the German municipalities (modelled on Dutch Tilburg model - and promulgated by their Association) and the disinclination until very recently of the Laender to modernise.

- the pragmatic and consensual approach in The Netherlands (eg "Great Operations" of centre-right in 1980s followed by "The Great Efficiency Operation" of centre-left in 1989 : decentralisation of 1991). This reflects the "corporatist" structures and thinking there.

Hayward
and Page Governing the New Europe (Polity 1995)
- very good on the wider institutional context.

Hulme
and Turner Governance, Administration and Development : making the state work (1997)

Ingraham PW The Foundations of Merit ; public service in American Democracy (John Hopkins 1995)

Kelsey Jane Economic Fundamentalism (Sage 1995)
- strong critique of the process and effects of the "capture" by ideologues of economic, social and administrative reform in New Zealand. A rare book which tells the story from the "other" side.

Lane JE (ed) Public Sector Reform – rationale, trends and problems (Sage 1996)
- academic treatments of developments in Australasia, Canada, Germany, Central Europe, UK, Netherlands, Nordic countries, France and Spain ; chapters also on fiscal decentralisation.

Naschold F. New Frontiers in Public Service Management - trends and issues in state and local government in Europe (de Gruyter 1996)

This is a detailed assessment (by a German academic) of the changes in public management in Finland: and the analysis is placed in the comparative OECD context, with particular reference to the Social Democratic impulse of the Scandinavian approach of the past decade. As such it is very helpful counter to the more managerial writing of the Anglo-Saxons which has so far dominated this literature.

OECD

In Search of results (PUMA)

Administration as Service - the Public as Client (1987)

Governance in Transition - Public Management Reforms in OECD Countries (1995)

Budgeting for Results (1995)

Responsive Government (1996)

see also the OECD Country Management Profiles which contain a summary of the steps each country has taken in the past decade or so to make its system more effective and responsive. Also more detailed country studies such as the Portugese.

Olsen J and

Peters G Lessons from Experience - experiential learning in administrative reform in eight democracies (Scandin. Univ Press 1996)

Peters G Comparing Public Bureaucracies : problems of theory and practice (Alabama 1988)

Pollitt, Hanney Public Management Reforms ; five countries studies (Helsinki EDITA 1997)

Troia Sylvia Moderniser l'Administration - comment font les autres ?" (les Editions Organisations 1995)

- an excellent comparative study of the reform process in France, Britain and Australia. Very practical.

Schick Allen The Spirit of Reform - managing the New Zealand State Sector in a Time of Change (87 page Study commissioned by the State Services Commission 1996)

- a crisp overview of a radical change effort which was heralded in an unusually forthright Treasury paper to the new Labour Government of 1987 about the "capture by departmental interests" of the policy machine and led in 1989 to a coherent reform effort strongly and quickly implemented which is now held up as a model to the rest of the world for its emphasis on the contractual culture - both detailed contracts between Ministers and departments (to achieve the separation of purchase from provision) ; and individual staff contracts. Although Schick emphasises the uniqueness of the endeavour, I have to say that it is, from the British perspective, all very familiar. The only difference seems to be its initial coherence - compared with the British incrementalism - **particularly in relation to accountability** (which "has not been an afterthought ; it was designed into the new system at the outset and ,as gaps have been identified, additional requirements have been imposed" p.73).

The paper is generally positive about the changes although in several places serious points emerge - (a) most of the benefits flow from the managerialism inherent in the specific changes rather than the particular "transaction" theory underlying the programme ("letting managers manage" versus "making managers manage" which is the essence of the contractual approach) ; (b) the tangible gains are balanced by transaction costs, loss of sense of service and collective interest - he suggests at one point that ex-ante controls have simply been replaced by ex-post evaluations - and that the technocracy of "accountability" could undermine the more important "responsibility" which is the essence of managerial autonomy ; (c) the contract between Ministers and Departments is "open to fundamental questions. I am not persuaded that this approach is suitable for the majority of purchase situations facing government. It works only where there is real competition" ; (d) the gains could be lost - "final assessment of how much departments have been transformed must be reserved for it remains to be seen whether the new management style will survive one or more changes in leadership - I wonder whether in the rush to change, departments have been sufficiently sensitive to established values" (p52)

The paper is, however, concerned to look at detailed areas which now need attention - such as reducing the annual assessment of Chief Execs ; and simplifying the performance measures.

One of the most important innovations seems to be something which emerged recently - Strategic Result Areas (SRA) and Key Result Area (KRA). One of the interesting issues is that "outcomes" - defined as "the impacts or consequences for the community of the outputs of Government" - are the responsibility of Ministers and "outputs" of Chief Execs. As Schick argues "outcomes are measures that indicate progress, or lack of it, in achieving public objectives. They should be seen only as indicators of direction and be employed more for formulating policy than for maintaining accountability"

Two worrying points are made in the conclusion - "the accountability regime overloads departments. The multiplicity of information requirements can induce compliance behaviour which breeds passivity, reluctance to take risks etc. This may not yet be in evidence but it will not be long..."

"In the lit of public management, accountability and responsibility are often used interchangeably. But the words lead down different managerial paths. Responsibility is a personal quality that comes from one's professional ethic, a commitment to do one's best, a sense of public service. Accountability is an impersonal quality, dependent more on contractual duties and informational flows."

Suleiman

Waterbury The Political Economy of Public Sector Reform and Privatisation (Oxford 1990)

Woodhouse D In Pursuit of Good Administration (Clarendon Press)

Papers and Articles

Aufrecht S and

Bun Li Siu "Reform with Chinese Characteristics: The Context of Chinese Civil Service Reform" Public Administration Review March/April 1995 - pp 175-82

Berlin Land Mut zur Reform - auf dem Weg zu einer neuen Unternehmenskultur des öffentlichen Dienstes (1995)

SIGMA Papers eg

- Assessing the Impact of Proposed Laws and Regulations (no. 13)
- Checklist on Law Drafting and Regulatory Management in Central and Eastern Europe (no 15)
- Public Service Training Systems in OECD Countries (no 16)
- Administrative Procedures and the Supervision of Administration in Hungary, Poland, Bulgaria, Estonia and Albania (no 17)
- Law Drafting and Regulatory Management in Central and Eastern Europe (no. 18)
- Effects of European Union Accession – budgeting and financial control (no. 19)
- Effects of EU Accession – external audit (no. 20)
- Promoting Performance and Professionalism in the Public Service (no 21)

- Management Challenges at the Centres of Government ; coalition Situations and Government Transitions (no 22)
- Preparing Public Administrations for the European Administrative Space (no 23)

d. Critiques

Clark John Managing Social Policy (Sage 1995)

- a sociological approach which suggests that most of New Public Administration is rationalist rhetoric to cover old-fashioned power plays. The book covers social security, health, community care, criminal justice, leisure and local government.

Pollitt, C. Managerialism and the Public Services (Blackwell 1993)

Ranson S. and

John Stewart Management for the Public Domain - enabling the learning society (Macmillan 1994)

- bit long-winded

Symposium on "Reinventing Government" in the summer 1994 issue of Public Administration

Special feature on "Restructuring Government" in the summer 1994 issue of The Political Quarterly

"New Modes of Control in the Public Service" by Paul Hoggett in Public Administration : spring 1996

- this gives more detail on the argument that recent British developments have used the language of "competition and freedom" to conceal the reassertion of traditional forms of bureaucratic control.

CHAPTER FIVE

SOME CONDITIONS FOR INCLUSIVE GOVERNMENT

"To have a new vision of the future it is first necessary to have new vision of the past" (Zeldin)

"In any organisation that has people with divided loyalties, leaders with short tenure and pervasive but delicate control being exercised from many quarters, bringing about strategic change can be a formidable challenge" (Nutt and Backoff)

Introductory Remarks

In the mid 1970s, as one of the leading politicians of Britain's largest Region, I helped design the strategy for tackling the condition we then called "multiple deprivation" (which is now denoted as "social exclusion") - and was responsible for it during various phases until 1990, when I left the country for new challenges in Central Europe.

As we started our preparations in the vast new Strathclyde Region in 1974 - we were determined about three things -

- *to move away from the arrogance, short-termism and bureaucratic rigidities which characterised the previous systems of local government;*
- *to do something effective about the conditions of poverty and inequality in which so many of our population then lived:*
- *to find new organisational methods which would allow the different groups in our society to work more effectively and creatively together.*

One of the early habits I had developed, in my capacity as Secretary of the ruling party, was that of writing (unsolicited) "position papers" for my political colleagues - generally with titles such as "Toward 1980" or "What is to be Done?" These tried to

(a) remind us all of some of the challenging objectives we had set ourselves a few years earlier,

(b) look at what had been achieved,

(c) explore the possible reasons for shortfalls and

(d) propose a reformulation of strategies and programmes.

I was conscious that such frankness was not always welcome. But policy attention had a dreadful habit of wandering, getting seduced into new fashions. Organisational (and personal) vitality requires a strong sense of our policy and organisational past - and how it connects to our present and future. It's now known as "organisational learning". Theodore Zeldin has put this most expressively in the quotation which heads this introduction - from his marvellous "Intimate History of Humanity".

A social scientist (Bate) spelled it out in a highly readable book on "Strategies for Cultural Change" -

"Thinking historically provides an effective safeguard against collective amnesia (and the associated problems of repeating the same mistakes or endlessly reinventing the wheel) and

provides invaluable learning from past experiences. It helps people to become aware of the vicious circles in which their thinking is trapped; and also leads them to a different awareness of their present, which in turn leads them to ask different questions about their future - Why this, and why now? How did we come to this? Have we done anything like this before? Why are we doing it again? What became of it last time and will the same thing happen again?"

It was in that spirit that, from 1976 to 1990, I had also periodically published detailed articles trying to make sense of the fascinating endeavour I was privileged to be part of (Young 1977; 1985. See also Barr; Smart). Trying, that is, to find new ways of using the resources and skills of local government, the private sector, community organisations and (although to a lesser extent) central government in the West of Scotland to tackle both deep-seated and new problems. Problems which were economic, social and organisational in nature.

A Visiting Fellowship with Urban Studies in the early part of 1997 gave the opportunity to gather these pieces - and tapes of many discussions of the 1980s (which are now deposited in the library there). I have drawn upon such source material to structure this tale in such a way that, hopefully, gives a sense of the uncertainties and moral choices which are an integral part of any attempt by a political system to pursue social justice - as well as efficiency. Few case studies have been able to include this critical dimension - its neglect represents a serious gap in our understanding of the change process. Ken Young has written about the "assumptive worlds": the way in which local decision-makers understand the world and what they can and should change.

Clearly any attempt to analyse, and bestow significance on, complex events with which one was oneself deeply involved is fraught with difficulties of selection and opinion - particularly when local government did not then receive the attention of researchers; and when the analysis is being done a decade later. I can here only give some of the detail of some of what I consider to be the relevant interventions - their reasons and possible wider significance.

What is missing is any real sense of the life of the ongoing machinery of government, as its officials in the various Departments dealt with the demands which came to them from above, below and sideways from government circulars; from members of the public and from councillors - let alone from the operational and development needs of such basic units of service as schools, colleges, social work area offices, police offices, bus depots, homes for the elderly and for children in difficulty, repairs and cleaning teams of various sorts.

Such pressures, in diverting the energies and attention of senior policy makers often threaten to sweep away even the best-established of "innovations". And there were certainly many such - in the early years rate-capping, the Poll Tax and an intensive and conflictual school-closure programme - during the 20 years covered in this narrative.

The paper on Strathclyde Region's experience of developing and managing its Social Inclusion strategy between 1975-1990 can be found on the website