



TECHNOLOGY GOVERNANCE

Working Papers in Technology Governance and Economic Dynamics no. 57

THE OTHER CANON FOUNDATION, NORWAY

TALLINN UNIVERSITY OF TECHNOLOGY, TALLINN

RAGNAR NURKSE SCHOOL OF INNOVATION AND GOVERNANCE

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The New Public Management Then and Now: Lessons from the Transition in Central and Eastern Europe

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May 2014¹

¹ Forthcoming in Michiel de Vries and Juraj Nemeč (eds.), *New Public Management and Transitional Countries* (working title).

1. The New Public Management and its demise

The most important reform movement of the last quarter of a century within public administration has been the New Public Management (NPM). In defining NPM, it has proven useful (such as in Pollitt and Dan 2013) to view it as a two-level phenomenon.

1. At a higher level, that of theory, concept, or paradigm, NPM is the transfer of business and market principles and management techniques from the private into the public sector, symbiotic with and based on a neo-liberal understanding of state and economy. (Cf. Powell and de Vries 2011, esp. 99; Pierre 2013, 119-121) The goal, therefore, is a slim, reduced, minimal state in which any public activity is decreased and, if at all, exercised according to business principles of efficiency.
2. At a more mundane level, NPM is a toolbox, a collection of specific practices and management tools such as performance management, agencification, project management, flat hierarchies, customer orientation, abolition of career civil service, total quality management and the delivery triad of privatization, contracting-out and public-private partnerships (PPP). Transparency, citizen involvement and even decentralization are not part of the original core of NPM, but they soon were added to the list.

NPM is both a regional and a global phenomenon – it comes from Anglo-America, and it was strongly pushed by most of the International Finance Institutions such as the World Bank and the IMF, which at their core are Anglo-American institutions. And as all global public administration, all that has been seen as universally good public administration for well over half a century, is essentially Western public administration and Western public administration is essentially Anglo-American public administration, NPM reflects that ascendancy. (See Drechsler 2014, Raadschelders 2013, Pierre 2013) NPM originates from the 1980s, a time characterized by the dominance of neo-liberal governments and the perceived crisis of the Welfare state and its financing, but it came to full fruition in the early 1990s. NPM was, on the one hand, a fashion phenomenon within public-administration scholarship and practice; on the other, it was a genuinely ideological concept. (See Powell and de Vries 2011)

As important and, though more rarely, successful as several NPM-inspired reforms of the public sector might have been and still may be, what one notices first when looking at the public and private spheres is the difference, not the similarity. The state is denoted primarily by its monopoly of power, force and coercion on one side and its orientation towards the public good on the other; the business world legitimately focuses on

profit maximization. The use of business techniques within the public sphere thus confuses the most basic requirements of any state, particularly of a democracy, with a liability: regularity, equity and due process are simply much more important than low costs and speed.

This is why many respective contemporary economic and management-theoretical insights could only establish themselves in public management *after* the end of the dominance of NPM as a theory, which as genuine ideology was not open even for arguments stemming from its own leading method. NPM reforms created, for instance, quasi-markets within administrative organizations in order to create market behavior: yet, as any economist knows, such behavior can only develop in genuine and not in quasi- (i.e. pseudo-) markets. (See König 2001, 6-7)

But even by the standards of business efficiency, NPM cannot be said to be successful from today's perspective. For many years, we have known that we have no empirical evidence that NPM reforms have led to productivity increase or welfare maximization. (König 1997, 214) At best, one may say that "Several years of attempts and experiences of public management reforms in western Europe and other OECD countries give evidence of relative failure rather than success." (van Mierlo 1998, 401) A recent meta-study of more than five hundred empirical analyses across Europe identified impacts of NPM as distinctly mixed, "with substantial proportions of studies indicating that specified outputs or outcomes of NPM reforms are unchanged or 'down'." (Pollitt and Dan 2013, 9) Hood and Dixon have recently shown that NPM did not even cut costs during its inceptive heydays, those of Thatcherite Britain. (2013) The only "region" where one can, and many do, speak of NPM success are the CANZ countries, Canada, Australia, and New Zealand, a highly specific and unusual group of countries as regards resources, population and Anglo-Americanization.

Empirically, the catchword promises of NPM have simply not been delivered – flat hierarchies are a matter of appropriateness and depend in their suitability entirely on context; taking the citizen merely as customer takes away her participatory rights and duties and thus hollows out the state; the abolition of career civil service will usually let administrative capacity erode; depoliticization – and thus de-democratization – leads to the return of the imperial bureaucrat (in its worst sense, disguised as the entrepreneurial bureaucrat – same power, less responsibility); and contracting-out has proven to be excessively expensive and often infringing on core competences of the state as well as on the most basic standards of equity. Quality management is not necessarily an NPM concept; it can be just as well used elsewhere and was actually always understood to be part of a

well-working public administration; project management may frequently work, but as a principle and in the long run, it may easily be more expensive and less responsible than the traditional approach.

In advanced public-administration scholarship itself, then, especially – but not only – in Europe, NPM is obsolete by now, if taken on the higher level, as (part of) a worldview, whereas on the more mundane one, it is still there, particularly as one of several useful perspectives for public-administration reform (i.e. a tool box). But theoretically, what was an option twenty years ago is simply not an option anymore today. One could say that in public administration

- around 1995, it was still possible to believe in NPM, although there were first strong and substantial critiques;
- around 2000, NPM was on the defensive, as empirical findings spoke against it as well;
- around 2005, NPM was generally not a viable theory anymore.

In other words, it was becoming quite rare around ten years ago to see articles in the very top journals, or essays and keynote addresses by the very top public-administration scholars – especially in Europe, but also in the United States –, based on, or implicitly assuming the validity, of NPM.

Yet, in many parts of the world, and particularly in policy, NPM is very alive and very much kicking, even as a theory – and the more so the farther one departs from academe, Europe or international and central government. But this is also true on the level of European countries themselves, where it fits some strings of the dominating worldview(s). (See Drechsler 2009) And international management consultants often are still strongly in favor of NPM because, first, their general worldview is in favor of applying private-sector tools in the public sector and, second, contracting-out management techniques and policy advice brings bread to their table. (Martin 2007)

Nevertheless, after careful deliberation, many communities started to act against NPM reforms in the early 2000s, especially on the local and regional levels, even in traditional NPM strongholds. (See Schäfer 2008) The justification for stopping the NPM reforms by the city of Dübendorf, Zurich, Switzerland, sums up the reasons very nicely: “No improvements of efficiency, effectiveness or quality could be attributed to NPM reforms.” (Noordhoek and Saner 2005, 38) Shortly before the global financial crisis, the news that New Zealand, one of the most famous trailblazers of NPM reforms, was buying back its privatized railroad system – it is now called KiwiRail –, for the reason that privatization turned out to be disastrous for economic development, investment and innova-

tion (standard reasons, usually, to privatize) takes place of pride as nail in the coffin of NPM. (See Trains now called KiwiRail 2008)

2. The Weberian and the Neo-Weberian State and other post-NPM approaches

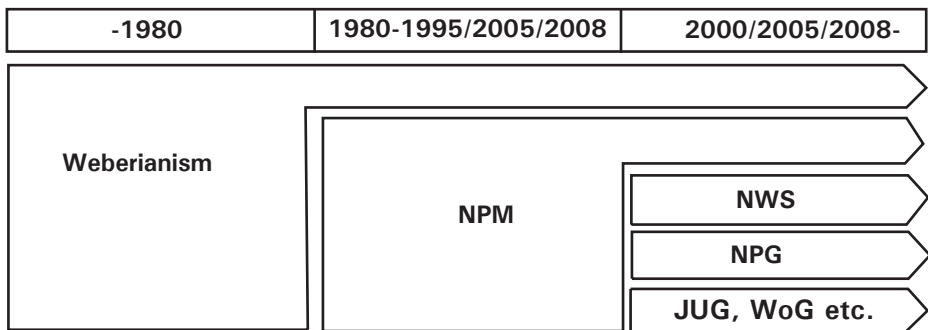
The counter-model to NPM, indeed its *bête noire*, is what is called “Weberian public administration”. This label is highly problematic, as NPM presents a caricature of it and thus builds up a paper tiger. Apart from the caricature, for Max Weber himself, whose 150th birthday in 2014 has brought back some focus on the man himself (see, e.g., Kaesler 2014), the most efficient public administration was a set of offices in which appointed civil servants operated under the principles of merit selection (impersonality), hierarchy, the division of labor, exclusive employment, career advancement, the written form and legality. This increase of rationality – his key term – would increase speed, scope, predictability and cost-effectiveness, as needed for an advanced mass-industrial society. (Weber 1922, esp. 124-130)

It seems that fundamentally, with all its weaknesses, the Weberian model is overall still the best Western one around, at least for Europe, and it is certainly superior to the NPM – it is, to borrow the Churchillian phrase, the worst form of public administration except all others. The connection between Weberianism and economic growth seems, for instance, very close. (See Evans and Rauch 1999) Nevertheless, the optimal administrative structure of our times – pre- or post-crash, or mid-crash, no matter – might easily not consist of a simple rehash of the organization principles of the mass production paradigm, whose weaknesses are amply known – from excessive legalism via genuine bureaucracy to genuine antagonism to innovation and the economy. On the level of tools, NPM also offers quite some – i.a. managerialist – elements and even larger principles which “as such” could often be judged positively, as long as they do not form the basis of the system.

As regards Weberianism itself, there have to be some adaptations for the current times and their different challenges, demands and socio-intellectual context. This is why for a decade now, one of the most discussed models for the period that followed NPM, i.e. “post-NPM”, has not been a return to the previous one, but according to Pollitt and Bouckaert (2004), the so-called Neo-Weberian State (NWS), a fortuous metaphor describing a (specifically European, but also wider-applicable) model that co-opts the positive elements of NPM, but on a Weberian foundation, so that both are asymmetrically *aufgehoben*. (Pollitt and Bouckaert 2004, 96-102; see 99-100; Randma-Liiv 2011; Drechsler 2009; Pollitt et al. 2009)

The NWS was intended as an empirical-analytical, not as a normative model (to explain that several Western European countries were not NPM laggards, but had created their own model), and one of its creators, Pollitt, is quite self-critical about several of its aspects; nor is this the only criticism around. (See Pollitt et al. 2009, as well as Dunn and Miller 2007) And yet, the NWS stands so far as perhaps the best explanatory model of what was and is going on in Europe, and it does precisely not, as the phrase goes, throw out good managerialist – and participatory – babies with the NPM bathwater. (See Argyriades 2013, 209; Nemeč 2010) It does still form a research agenda, but in lieu of anything better, the concept significantly helps our understanding of contemporary public administration.

At the same time with the NWS, other new post-NPM paradigms, or better paradigmattes, arose, first of all those which wanted to preserve the basic NPM idea but now entailed lessons learned, such as the almost universally recognized value and coordination problems that NPM creates. These include, first of all, New Public Governance (NPG) as, basically, NPM with Weberian lessons learned, and with a public-policy rather than an implementation focus (i.e. the mirror image of the NWS), but also Value Governance (value added), coordination-emphasizing Joint-Up Governance (JUG) and Whole-of-Governance (WoG) and the like. In addition, there are the leftover protagonists of the two main older paradigms, and even new converts to them. This has led to a post-NPM *Unübersichtlichkeit* that characterizes public administration today (see altogether Pollitt and Bouckaert 2011; also Powell and de Vries 2011), and it could be summed up as follows:



3. The global financial crisis and the partial resurrection of the NPM

The global financial crisis which hit the world in the fall of 2008 has had a substantial impact on the boundaries between public and private sectors (Lodge and Hood 2012; Moulton and Wise 2010; Thynne 2011), but interestingly enough, in itself it did not change or even add to the differ-

ent theories and practices of public administration; rather, it impacted how earlier concepts were viewed and used. After the meltdown, it took many of the most market-oriented circles a week at most to change full swing and demand the state to come to the rescue. It also changed, for a while, the public and political attitude towards bureaucracy in general, and the critique of NPM as formulated above seemed almost trivial. It seemed clear that the NPM phrases, logic and entire way of thinking was of the same mind-set that caused, or at least triggered, the crisis to begin with, a naïve faith in simplified laissez-faire economics and the predictably negative role allocated to the state (Peters et al. 2011).

However, when the economy seemed to rebound in the summer of 2009, this was fairly soon forgotten by many of the NPM protagonists, who claimed that exactly now was the time for NPM reforms, this time, however, not under the mantle of “better service for less money” but just in order to spend less (the intensified “hollowing out” scenario by Lodge and Hood 2012). In some countries (e.g. Latvia, Lithuania), even new government coalitions came into power during the general budget and salary cutbacks on strong NPM-related platforms (Peters et al. 2011). However, it was still clear to most observers that one now, at the latest, needed to look for alternatives to NPM. On the other hand, the NWS seemed too expensive now, and its ascendancy was one of the casualties of the crisis, whereas NPM-based post-NPM paradigmettes received a boost. It may also be that the recent focus on Public Sector Innovation, the creation of Innovation Labs and the like is a basically NPM-type reaction to the crisis (as a carryover from the private to the public sector, often without much consideration of how appropriate this is), and it remains to be seen how this plays out in the immediate future.

And yet, contents-wise, the NWS seems to be the best model we have for public administration in times of crisis. Whether one likes the state or not (and it often comes down to just that), the return of the state into the economy, on a scale unimaginable in mid-2008, means that our system cannot function without a genuinely competent and motivated civil service. The new big state is already there – the general trend towards strengthening the state’s regulatory capacities, (financial) control and central coordination as a consequence of the financial crisis, speaks for itself (the “directing state” scenario in Lodge and Hood 2012).

In addition, the global financial crisis is only one, but the most acute, crisis. When looking at the strategic challenges, or potential crises, that need to be addressed now already (e.g. demographic change, climate change), it is clear that the state has to address major long-term issues that could not be handled by the use of NPM tools, i.e. on a project basis

and by civil servants characterized by instrumental, short-term and easily transferable loyalty. It is in the interest of almost everyone, anywhere, that the state is well-administered. In fact, it may even be argued that the best hope for managing the crises well is the “Return of the Mandarin”, i.e. of a highly capable, responsible, motivated, long-term-oriented senior civil service, among other Neo-Weberian and indeed classical Weberian institutions.

That, however, is a normative remark. As was pointed out *supra*, we can empirically say that what happened is that the NPM theory dominated public-administration discourse globally (with epicenters in Anglo-America) from the 1980s on, went slowly into decline from 1995 on, was basically obsolete by 2005, but resurfaced to some extent by late 2008 because of the global financial crisis. The NWS, strongly in ascendancy by then, started looking too expensive. NPM as a toolbox never really went away, although the legitimacy of the tools was less questioned during theoretical NPM dominance and more so after its wane.

4. The story of Central and Eastern Europe

In the context of this development of NPM, it is particularly interesting – and by now also late enough – to look at its fate in the area of the world that (re-)joined the West, mostly, precisely during its strongest prevalence, and that is Central and Eastern Europe (CEE). In the present context, we use CEE interchangeably with the term NMS, i.e. the New Member States of the European Union: Estonia, Latvia, Lithuania, Poland, East Germany, the Czech Republic, Slovakia, Hungary, Slovenia, then Bulgaria, Romania and, as a latecomer, Croatia, although as a region and in general parlance, CEE is larger.

With all difference and specificity of those countries and their very varied legacies and contexts acknowledged (see Meyer-Sahling 2009 specifically, Pollitt 2013 generally), and with all the problems of lesson-drawing as such realized (see Randma-Liiv 2007, specifically about CEE), we can still say that there were some crucial common factors and principles in their story, and we will try to outline them below. This is partially possible because there has been a constant and overall debate on the use of NPM in the NMS, partially due to the existence of a well-managed and well-funded professional public-administration association specifically for this region, NISPAcee (www.nispa.sk; see Vintar et al. 2013). Still, serious comprehensive evaluations of the NMS’s experiences in public administration from an ex-post perspective, let alone of NPM, which is one of the central aspects of that story, are still rare (but see Drechsler 2003; Randma-Liiv 2009; Nemeč 2010; Vintar et al. 2013).

In general, it is possible to distinguish between three main phases of public administration reforms in CEE. First, the immediate post-communist transformation (1988-1996) witnessed broad-based political, economic and administrative reforms and the modification of a legislative and institutional administrative framework. Second, during the EU-accession period (1997-2004/2007), several reform initiatives were strongly impelled and shaped by the EU accession criteria and "conditionality" set by the European Commission (Meyer-Sahling 2011). Third, in the post-EU-accession period (starting in 2004/2007), the NMS have been focusing on continuous "fine-tuning" of the existing administrative system and, since 2008, on reacting to the global financial crisis on the public-administration level. In the following, we will take a closer look at the development and application of NPM in each of these phases, both normatively and empirically, with an emphasis on the earlier era, because arguably, as time moved on, the unique characteristics of the NMS have gradually faded, if not vanished completely, for reasons we will briefly describe below, as well.

a) Immediate post-communist transition

The pre-transition governments of CEE were certainly big, in the sense of carrying out many more functions than their Western counterparts. This, however, did not mean that they were strong in the sense of having the capacity to formulate and implement policies, or to efficiently perform routine administrative functions – in several respects (such as vis-à-vis the parallel party structure), they were not even meant to be. Moreover, due to their overly intrusive and politicized nature, the pre-transition governments were strongly but justly associated with the negative view towards regulation and steering through central bodies. What was generally true for the post-communist public administration was that it had been a cadre administration before the 1989/91 revolutions; members of the cadre "were professional administrators, but with politically and ideologically defined qualifications." (König 1997, 215) This means that their experience was not necessarily valid. In addition, many fields of administration – from fiscal to municipal – were generally lacking. So, contrary to some expectations at that time, the question was not only, or even primarily, one of downsizing, but rather one of building, instead of reforming, a functioning public-administration system, and that is in fact what happened – to the surprise of many observers, the civil service in the NMS expanded. (Drechsler 2003) It also means that at the beginning of the 1990s, as compared to countries with long civil-service traditions and well-established administrative cultures, much weaker bureaucratic restraints existed in CEE that could be obstacles to administrative reforms. This created a critical juncture in the institutional development, allowing, by and large, for a new start and opening up an opportunity for

the selection between different public-administration models. And at that time, in general, donors, advisors, consultants and international organizations pushed for NPM, quite irrespective of context (which is an NPM feature). Of course, older layers of contexts and legacies reasserted themselves (see Meyer-Sahling 2009), and one now sees more clearly that it is not exactly a good thing to have a blue-ocean approach to public-administration reform, but in the early 1990s, in the general discourse, this was much less obvious than it is now.

Arguably, the main challenge for the immediate post-communist transition was not so much the structural setup of public administration, but people, whose commitment, values and loyalty cannot be changed overnight. The main problem during the transition, in other words, was the shortage of well-qualified, motivated civil servants. Good public administration, a high-quality civil service and a good understanding of the concept of state are interdependent: If one element is bad, the other two will suffer as well. (Drechsler 2000, 5) Public administration appears to require a special virtue – loaded though that word is – on the part of its main protagonist, the civil servant, in order for the system to function well or even at all. This virtue cannot be created artificially and is, once again, highly dependent on tradition, at least in the short run.

How, then, to get a good civil service if there is neither good tradition nor ethos, which after all was generally the post-communist situation in the years of transition? High civil-service pay would be one of the mid-run answers, and at least some short-term remedy, as well, but in most of the CEE countries, the consensus was that this cannot be afforded – or that the civil service is paid far too well anyway. Thus, one had to go back to the old insight that the state must offer what the state can offer best: the classic virtues of security, honor, stability, civility and fulfillment – the opposite of NPM measures.

At this point, one has to recall that NPM was conceived as something of a house-cleaning concept; it was a reform movement within a well-working if too expensive and bureaucratic (sic!) system. (Peters 2001, 164, 176) The problem for CEE was that there was no house to be cleaned, but rather one to be built, if “house” is the metaphor for the public sector as such. (König 2001, 195-199) To start cleaning before building may be putting the cart before the horse, and that is one of the key insights regarding the transferability of NPM coming from the CEE experience. As Hesse put it, “the introduction of business approaches in public administration, as advocated by NPM concepts, may well prove disastrous in systems based on a continental European tradition in which either the preconditions may not be in place or where they may be rejected due to

their inherent logic." (1998, 176) After all, deregulating "the public service may not be viable before there is a set of values that will permit government to operate in an accountable and non-corrupt manner without the existence of formalized controls." (Peters 2001, 167) In a situation where unpredictability is already high in society because of transition, rules and regulations are needed in order to counterbalance. Imposing additional rules might be counterproductive in stable and highly developed countries where generally accepted public values and principles are already in place, but it is unavoidable in countries where the rule of law is not yet in place, as in CEE in the early 1990s.

A problem with the "deregulation" agenda of NPM was then that in the context of the new market economies of CEE, "rules of game" such as basic constitutional framework, private property rights or an independent court system were needed if markets were to function at all. Unless contractual rights are enforced by central authorities, market participants cannot conclude contracts with any certainty that they will be fulfilled. Creating, through constitution and laws, the basic institutional framework under which exchanges between different actors may take place has therefore been seen among the first tasks for transition countries (König 1992). Only a strong and capable state, not deregulated networks can adopt such a framework and, even more importantly, guarantee the implementation of this framework in practice.

In addition, transitional countries require more regulation than NPM presumes because more rules are required to create conditions for the elimination of nepotism (Peters 2001, 176). For instance, high discretion in personnel management may prove to be risky because of an insufficiently developed legislative framework, little experience of high- and mid-level managers, unsettled administrative culture and insufficient control mechanisms. Verheijen (1999) has argued that the liberalization of employment conditions in the post-communist context may lead to a further increase in politicization, enhance rather than eliminate instability and increase levels of corruption.

Looking at what actually happened in CEE during the post-communist transition, it is not surprising to therefore see an overwhelming goal to develop a solid Weberian basis, rather than NPM-oriented position-based civil service systems: "Classic continental career systems appear to be the main source of inspiration for CEE states. The German model is emerging, at the current time, as a dominant influence in most states. ... In general ..., there appears to be a clear tendency to return to the 'continental roots' of pre-1945." (Verheijen 1999, 330-331) At the start of the post-communist transition, basically a Weberian trajectory was chosen.

However, the prevailing NPM fashion in the West at this time also influenced the adoption of similar ideas in CEE (Randma-Liiv 2007; Nemeč 2010; Sobis and de Vries 2009). NPM as a theory and its underlying neo-liberal ideology sat very well with most CEE countries, which started to reform their big state apparatuses, abolished their one-sector economies and carried out large-scale privatization and decentralization. Because of the urgency of transition, CEE governments faced significant pressure to adopt popular policies and approaches, often without having enough time and professionalism to analyze these ideas in depth. As there was a shortage of competent domestic policy-makers, especially in the critical state-building time of the 1990s, it was difficult for CEE governments to judge foreign experience, compare various models and say no to Western advisors, donors and international organizations, even if the blatant self-interest of the latter to push for certain reforms was obvious, which was not always the case (Randma-Liiv 2007; Sobis and de Vries 2009). One of the consequences, which sometimes has confused scholars from outside CEE, was to adopt an often strong NPM rhetoric, to placate those pressuring for it within and without the country, while at the same time adopting a Weberian public administration, so as to ensure a working public sector.

At the same time, it seemed sensible to adopt as many NPM tools as possible to show one's willingness (and to save money, so one thought), without always checking, in the genuine NWS spirit, whether they were compatible with the public-administration system as practiced and envisioned or not. This, and a general under-conceptualization of public-administration reforms, led to a piecemeal approach to public-administration development and "the failure to understand the logical basis of reforms and to make them compatible with what else is being tried in a government" (Peters 2001, 64). CEE countries were keen to look at the Western practices with the aim of emulating *individual* policies and tools. This led to a West-East policy transfer, including the development of individual instruments from the traditional NPM toolbox, such as pay-for-performance and contracting-out. However, this piecemeal approach to reforms hampered the build-up of a solid basis for public administration and often made the reforms undertaken inconsistent and unsustainable.

b) European Union influence on administrative reforms

In addition to the transition experience, the EU trajectory has been the second key feature for all NMS. The EU "conditionality" in public-administration development was particularly emphasized during the Eastern enlargement in 2004 and 2007, as the accession countries had to systematically demonstrate the presence of the administrative capacity and ability to effectively apply the *acquis communautaire* upon which their EU

membership was conditional. For the first time ever during different rounds of EU enlargement, such an evaluation of administrative systems of candidate countries was applied (Dimitrova 2002; Meyer-Sahling 2011). There are good reasons to argue that the transformative power of European integration is more pronounced in the national administrative systems in post-communist countries than in the Western European ones.

In general, the influence of the EU on public administrations in NMS has been twofold and, to some extent, even inconsistent vis-à-vis major public-administration models. Such inconsistency is best observed when comparing the impact of the EU on civil service and on public-sector organizations (agencification). On the one hand, in the area of the civil service, the explicit preference of the EU has been for a classical public administration (Verheijen 1999; Dimitrova 2002; Meyer-Sahling 2011); its own internal engagement with NPM ideas and reforms mostly came a decade later ("Kinnock Reforms"). (See Drechsler 2009; Bauer 2006) The European Commission asked SIGMA, the OECD unit, to advise CEE governments on civil-service reform during the EU accession period. Thus, SIGMA became the most important agency dealing with the topic in the region, and that is crucial, because importantly, SIGMA took a critical perspective towards NPM from the very beginning (Meyer-Sahling 2011). Therefore, in spite of pressure from other organizations, from consultants and from locals engaged in reform who had learned about NPM in summer schools and training seminars in the West and thus wanted to tout it, the classical perspective was consistently repeated by the EC and SIGMA. (See Speer 2001, 85-86) As for the "softer" European values behind civil-service reforms, the goal of developing a "European Administrative Space" operating by a set of common principles including the rule of law, openness and transparency, accountability, efficiency and effectiveness, which is a combination of classical and NPM values but which crucially allows space also for the former, was well known in the NMS during the accession process.

On the other hand, the EU impact can also be observed in the design of administrative structures, particularly regarding agencies. A comparative study of agencies in the NMS demonstrates that the number of agencies increased substantially during the EU accession period (Randma-Liiv et al. 2011), overtaking Anglo-American countries that had been the leaders of this part of NPM reforms in the previous decades. Agencies were created at a very high speed and with a larger scope than in most Western countries. As a result, the CEE countries have on average charged more tasks to agencies than most other countries (van Thiel 2011). Thus, with some exceptions, NMS are among the most "agencified" countries in the world, as a considerable amount of tasks have been delegated to various categories of agencies. The EU influence is particularly evident in the design of

regulatory agencies and agencies responsible for administering structural funds. The form of a semi-autonomous regulatory agency was more or less unknown in CEE before the EU-accession process (Randma-Liiv et al. 2011). As a result of this fast agencification process, the CEE countries structurally disaggregated a great deal of their executive and regulatory tasks from the core government.

All in all, a conscious EU “public service policy” was clearly set up against the NPM model and supportive of the classical Weberian system, whereas the EU approach towards agencification (and some other individual tools) followed the pattern of NPM. The increase of administrative capacity, i.e. public-administration reforms geared towards (higher) quality, was primarily EU-driven in the NMS. The European Commission was rather successful in pushing through major formal institutional instruments (such as the adoption of Public Service Laws in some candidate countries), but it was much less successful in influencing the actual content of change and the implementation of new legislation (Meyer-Sahling 2011). It may well be that administrative capacity of the NMS vis-à-vis EU requirements was highly deficient throughout, right up to accession, and that “the EU has been far from consistent in the signals it has sent to the candidate states.” (Verheijen 2000, 41) But to the extent that NMS’ public administration looked as good as it did in the end, this was to a very large extent due to the EU trajectory.

c) Current challenges

The NMS – not only them, but they, too – face severe difficulties in ensuring sustainable development, especially in light of the global financial crisis. Altogether, however, the crisis affected the public sector in the NMS less than the Western European countries in one crucial aspect: In CEE, one was already used to instability, cutbacks, the loss of life quality and social achievements, so they were more acceptable. As was already pointed out, the crisis did not really affect public-administration theory either. So, other than the usual lack of funds created by the crisis, the current challenges of the NMS in public administration lie elsewhere.

During the most crucial years of democratic institution-building as well as during the EU-accession period, the external guidelines as well as conditions set out by international organizations and bilateral foreign partners provided a certain orientation in the labyrinth of various models and solutions for the NMS. The effort to meet EU requirements offered some benchmarks for sound administrative policies. The important role of exogenous factors in the development of public administration also explains similar trends and reform trajectories in CEE countries until recently.

Since the EU accession in 2004/2007, outside pressure to take hard decisions (including those concerning administrative reforms) has substantially declined. As exogenous factors behind public-administration reforms have disappeared, endogenous (domestic) factors have obtained a greater role than ever before. One potential result of the growing importance of domestic factors may be that increasingly, individual NMS will opt for more and more divergent models and institutional solutions. Therefore, in the future, it could become difficult to define a common “CEE trajectory” of administrative reforms. For example, when looking at the reforms in civil service, one can already observe very different reform trajectories since accession (see Meyer-Sahling 2011).

Moreover, the sustainability of administrative reforms essentially depends on domestic factors which may ultimately lead to reform reversal. It is important to keep in mind that this is not necessarily a bad thing, because, first, reforms as such do not imply progress or quality increase, and second, they are time-bound – as life changes, so does governance and so must public administration, and we live today in a very different world from the early 1990s (think only ICT and its consequences). For instance, the trend of agencification has recently been reversed in all CEE countries studied. The de-agencification process started in the mid-2000s and accelerated in the 2008-2010 period. Such a U-turn can be explained by the need for a rationalization of the structure and relations within the executive power after a rather chaotic period of “over-agencification” (Randma-Liiv et al. 2011). De-agencification has become particularly significant during the global financial crisis, which has put the CEE governments under severe financial constraints. The financial crisis and the accompanying social and political crises in several CEE countries, expressed through public dissatisfaction with government, forced political leaders to (attempt to) rationalize and reorganize the public sector. The search for savings and cost efficiency has led to the abolishment, absorption and merger of many agencies in NMS, thus signifying a shift away from NPM – but ironically with an NPM-related impetus.

The de-agencification process indicates a need for better coordination in CEE administrations, which is in line with various post-NPM approaches such as WoG and JUG, which also reflects quite mainstream criticism of NPM and its drawbacks globally, even by its erstwhile protagonists and champions. Indeed, although NMS have been seen as rather successful in dismantling previous systems and structures of public administration, they have been less capable in integrating the new systems to each other. Very little has been done to develop new efficient mechanisms for inter- as well as inner-organizational coordination, both vertically and horizontally. In many cases, CEE civil services still lack the elements that

bind the different parts of public administration together in Western countries. There is an insufficient formal or informal framework of professionalism, which might provide an *esprit de corps* or any other kind of common identification and loyalty. If the central government contains loosely connected internal labor markets, every government unit is likely to develop its particular culture and work habits in the long run, thus developing rivalry rather than unity within the public service. Therefore, the “Weberian” elements of NWS that support the development of unity of public administration as well as common public-service culture, such as the preservation (or first of all, the *creation*) of the public service with a distinctive status, culture and conditions (Pollitt and Boucakert 2011) as well as the recognition of the need for a capable state, are particularly relevant for CEE. The development of a unified public service with a distinctive status could offer a backbone for the stabilization of the state apparatus and make the civil service less politicized. This would also allow for the development of continuity in the public service, an identifiable administrative culture and unified standards of conduct.

In sum, in CEE, in general, on the one hand, development presupposes strong and effective, indeed capable, governments that often do not (yet) exist in CEE. On the other hand, the creation of such a state is often not popular due to the previous experience. Nevertheless, for the NMS, anti-state minimizing can become very problematic, and a predomination of NPM tools may threaten long-term development and sustainability. At the same time, the reaffirmation of the role of the state as the main facilitator of the “old” problems of transition as well as of the “new” problems of globalization, technological change, shifting demographics and environmental threat – a feature of the NWS – could provide a much-needed backbone for the often still rather hectic political and economic context of CEE.

5. Possible lessons

With, once again, all difference and specificity between and of the CEE countries acknowledged, and with all the problems of lesson-drawing realized, therefore, the main CEE lesson regarding NPM is probably not to adopt NPM as a paradigm, thus reflecting a general trend, and to be careful with NPM tools (as with any other), carefully evaluating whether they a) work at all, b) fit the present context and c) do not stand in the way of the general development of the public sector.

Observing this is not fighting a paper tiger – just *vide* as one, though very important, example the “largest democracy in the world”, India, where NPM as a public-administration reform paradigm holds solid sway, is taught and largely received as current wisdom and implemented exactly

by the reform-minded senior bureaucracy that should know much better (see only Trivedi 2013) in spite of the obviousness of its disastrous effects where attempted. (Sivaramakrishnan 2012) (Of course, India is already a democracy with a strong civil service, if by self-acknowledgment in dire need of reform.)

The first great opportunity presented by the NMS to other regions is to avoid the NPM phase altogether, without ignoring the important lessons from NPM and the powerful tools NPM can offer. We know now that through NPM “clean-ups”, one cannot solve problems of leftover incompetent and undemocratic bureaucracy from the old times – or, as the case may be, from the present –, nor those of corruption: It seems that one cannot do that, neither empirically nor theoretically, as nice as it, perhaps, would be.

A second opportunity lies in the concept of the NWS, which actually was observed to exist in several of the NMS. (Randma-Liiv 2009) This, as a viable and well-supported alternative that allows one to not only criticize NPM but to concretely present a quite coherent, contemporary, “modern” model of what one would want public administration to look like, is something that was not available to the responsible people in the NMS. It is something that countries that still face transition do have. This is all the more so because the NWS, by its syncretistic nature, does combine the “best of both worlds” on the one hand and leaves ample room for national specifics on the other.

The specific advantage of the NWS over most of the other post-NPM paradigmattes such as JUG, WoG or NPG is that the former is not a remedy for NPM problems (the latter three, again, are basically designed to keep an NPM basis but to fix some of its key flaws), which means that one can, from this perspective, adopt it right away. However, preconditions for the NWS are very high and its adoptability very strongly depends on context. Whether any lesson can be drawn from the NWS across larger system boundaries, i.e. to Non-Western Public Administration, is another question altogether. (Drechsler 2014)

There will always be advisors, management consultants, politicians, and stakeholders who will argue for NPM, because they think it is still the fashion, because of genuine ideology, because they will profit from it via consultancy or rent, or because they really take it to be the best solution to the problems at hand. So, throwbacks in the positive or time-adapting development of public administration in any region are possible and in fact likely. As we know, one needs administrative capacity in order to fight against bad outside advice the most exactly when one does not have it (yet). (Nurkse 1952)

Nonetheless, the general direction into which public administration anywhere should head is reasonably clear. As Aristotle says in the *Politika*, “a state comes into existence for the purpose of ensuring survival, and it continues to exist for the purpose of the good life.” (Arist., Pol. I 1252b) And as Marsilius of Padua comments upon this passage, the latter, the good life, “is the perfect final cause of the state.” (*Defensor pacis* I. iv.1.) The good life in the good state, geared towards peaceful and productive living-together in the globalized, competitive environment of the 21st century, is unthinkable without a high-quality, appropriate, well-working public administration and a responsible, responsive, competent and trustworthy civil service. The best model for such an ideal appears to be something along the lines of the NWS (or even beyond it), in case this is a feasible option context-wise; what one could learn from the transition in CEE until today is that it certainly is not NPM.

Acknowledgments

This essay synthesizes and updates earlier work of the authors. For comments on this version, we thank Rainer Kattel; for technical support, Ingbert Edenhofer and Benjamin Merkle. Funding for facilities used in this research was provided by the core infrastructure support IUT (19-13) of the Estonian Ministry of Education and Research.

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(All weblinks, including those given in the text, were valid as of 1 May 2014.)

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