THE MAIN TENDENCIES OF PUBLIC MANAGEMENT REFORMS
– FROM A HUNGARIAN POINT OF VIEW

András TORMA* 

ABSTRACT: Over the course of human history each state decided on its own how broadly and how extensively to encroach on social conditions, i.e. which tasks to take on. However, the growth of state tasks and abstractions by the state (taxation) is a historical fact, particularly in the 20th century. Centralization of state duties and GDP (40-50% of it!) in a bigger scale into the state budget by the 1980s led to the obvious fact that this tendency cannot be continued, the model of state-concept needs a change. It came forward firstly in the Anglo-Saxon countries, than in the developed countries such as France, Germany, etc.. From the public law crisis public management reforms could have meant the way out.

The public management reforms can be classified into three tendencies dependent upon aspects of how the state or rather the administration tries to solve the social problems. According to this, on one hand, we can talk about the technical, the value- and participation-based, as well as about the regulative approach, and on the other hand, about the tendency of “New Public Management”, “Good Governance” and “Neo-Weberism”. This essay takes a look at these approaches, tendencies and their most important features briefly.

KEYWORDS: Public Management, Public Service Reform, New Public Management, Good Governance, Neo-Weberism

JEL CLASSIFICATION: K 23, K 39

Over the course of human history state tasks have changed permanently, and in the long run each state decided (decides) on its own how broadly and how extensively to encroach on social conditions, i.e. which tasks and of what kind to take on. However, the growth of state tasks – and accordance with, abstractions by the state (taxation) also – is a historical fact, particularly in the 20th century. Francis Fukuyama wrote the following about this: “While in the beginning of the 20th century the state sectors consumed ten percent of gross domestic product in most of the Western European countries and in the United States, by 1980s this rate increased to almost fifty percent (in the social democratic Sweden up to seventy percent).”

* Prof. Dr. András Torma University professor, director of Institute of Public Law University of Miskolc, Hungary

In the democratic nation-state built upon the distribution of powers the growth of state tasks and abstractions placed (places) the biggest burden primarily not on the legislation or jurisdiction, but on the executive power, i.e. on the public authorities, which carry out the governance of the society. This is the reason, and also the explanation, for the growing significance of the executive power, the public administration in the 20th century, in every sense and at every level. From the foregoing comes the notion that if the state is unable to fulfil its tasks, and further more unable to take on new ones, it must change its model of state-concept and carry out the reform of administration. This happened in the Anglo-Saxon countries in the 1970s and 1980s, when the state was unable to undertake the (further) demands of the various groups which exercising pressure. Furthermore, it could not perform its existing tasks as earlier – so with the administration based on the grounds of Weberism – principally, mainly because of financial reasons. Consequently, the crisis of welfare state supervened. The public law crisis, whereby the execution of public management reforms could have meant and meant the way out. Not only in the Anglo-Saxon countries, which were leading in the reforms, but also in other developed countries on Earth such as in Germany, France, etc., too.

In essence, the public management reforms, which came about effectively, can be classified into three tendencies dependent upon aspects of how the state or rather the administration tries to solve the social problems.

According to this, on one hand, we can talk about the technical, the value- and participation-based, as well as about the regulative approach, and on the other hand, about the tendency of “New Public Management”, “Good Governance” and “Neo-Weberism”. Hereafter we take a look at these approaches and tendencies briefly.

1. The tendency of New Public Management (hereinafter NPM)

The New Public Management tendency, which is strongly supported by most of the international organisations – primarily the OECD, the World Bank and the International Monetary Fund –, considers public administration on a technical ground. It declares that the efficiency of administration can be raised by completely using the results of private administration. So the tendency puts the business (private) sector and the market in the centre of public duties in order to raise the efficiency of state (administrational) functioning. Since it is new – as its name indicates – it first needs to be examined that in what kind of sense it is new. The answer is, that it is new compared to the administration based on the bureaucratic model of Weber which was formed and worked in the 1970s.

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2 Zoltán Magyary wrote the following about it in 1931: „The tasks of administration changed a lot in the last 100 years both in quantitative and qualitative way. Until only the maintenance of public order, jurisdiction and averting external enemy was regarded as the tasks of the state, than in the last 100 years next to these negative elements positive: cultural, economic and social tasks appeared which significantly exceed already the extent of the former tasks….“ Zoltán Magyary: A Magyar közigazgatás gazdaságosságának és eredményességének biztosítása. Athenaeum Irodalmi és Nyomdai Részleti, Budapest, 1931. In: A közigazgatás fejlődése és szervezése (Szerk: Csaht Sándor és Gáspár Máté) MTA Államtudományi Programiroda 1988. p.38 Budapest, 2005.

3 During the description of the three theories we took the following writing as a basis: Gajduschek György: Modern közmenedzsment, especially the pages between 158-161. In: Versenyvízsga tananyag. KSZK Budapest, 2009. See more from the Hungarian literature: David Osborne – Peter Hutchinson: A kormányzás ára (Budapest, 2006), Tamás Horváth M.: Közmenedzsment (Dialog Campus Kiadó, Budapest – Pécs 2005), György Jenei: Közigazgatás-menedzsment (Századvég Kiadó, Budapest, 2005).
and 1980s in the modern, democratic states. What are the peculiarities in the Weberian model? These include the following:

a) Public affairs, which spread over the entire social life, are managed by qualified and competent civil servants who carry out their tasks as a mission in life.

b) Civil servants work in a scope of power and tasks determined by law, in official organisation and in hierarchically structured institutional systems by observing the official channel.

c) The whole of administration carries out its tasks in the framework of legality, it is subject to the acts, and it is entitled to do exclusively for what it has legal authorisation over.

d) Due to the aforementioned attributes public administration functions computably, professionally, openly, and in a manner which can be followed by the client.

e) To sum up, public administration surpassed the administration of former periods as the big industrial plants outstripped the medieval manufactories. The separating the public and private affairs knowingly and consistently, in addition placing public affairs over the private affairs is a prerequisite for the application of the Weberian model. In continental Europe this happened in the previous centuries due to historical reasons, in contrast to the Anglo-Saxon countries where it did not happen or just partly. Accordingly, in the latter countries the development of the distinct principles of public and private administration did not become necessary, nor did the separation of public law and private law. Despite of this we shall agree with Lajos Lőrincz in that “...the special literature of administration-science accepted the public administration of each modern, democratic state, until the 1980s, basically as a Weberian type.”

What kind of features does the “new” administration have comparing to the “old” Weberian administration? In accordance with others, we also believe that the following facts and circumstances:

a) The change of terminology, so the change of appellation. The expression of “public management” took the place of “public administration”, then to make the novelty more obvious, the “new” adjective was added to it. Thus how the expression of New Public Management – NPM came to existence. The terminology-changing also intended to express an alteration in the content by referring to the adoption of the principles and methods of business management. Inserting several business concepts into the administrative conceptual sphere followed it. For instance: consumer instead of client, service instead of office work, governance instead of government, etc..

b) Changes regarding the organisational structure. It principally concerned the central public administration, in two directions. On one hand, the administrative tasks were given to the newly created agencies, and on the other hand, a part of the central administration’s scope of authority was modified – it was assigned to the territorial administrative authorities.

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5 Lajos Lőrincz: Közigazgatási reformok: mítoszok és realitás. Közigazgatási Szemle 2007/2. szám, p.4

c) Functioning was made open in two ways. From one part, the secrecy of data, information, records were dissolved and the registers were made accessible; from the other part, the population was involved in the management of public affairs more strongly. Furthermore, exercising the requirement of efficiency also brought a change on the field of functioning, primarily by the introduction of the principle of performance.

d) Making the public service systems more open meant the change concerning the personnel policy. The aim is to create such public service systems, which remind us of the business (competitive) sector: there is no special requirement for their application, the office progress depends on the performance and not on the time spent in the office, dismissal of staff is easy, etc..

If we would like to summarize the principles of NPM, we can say that its theorems—which have been put into words in order to enhance the efficiency of the state’s (administration’s) working—are deduced from two premises: to minimize (smaller state) and to affect the market (efficient state). Minimization (reduction) applies only to the economic role of the state, not to the entire state or administration. The basic assumption is that if the economy gets rid of the bonds of state, than its development will speed up and it creates grounds for the growth of social welfare. Its instruments are primarily the privatization and outsourcing of public tasks. Affecting the market means that the power of public administration needs to be rolled back and the scope of instruments must be supplemented with the instruments of business (private) sector: spirit of competition shall be introduced and monopolies shall be eliminated.7

In connection with the NPM the question can be raised, whether it can be regarded as a theory, so as a grounded and coherent view, which provides a ground for a new administrational world to evolve. In conjunction with the significant part of specific literature8 we also state that no, no and no. The following points can be summarized about it:

a) Everything what had been done in the last twenty-thirty years in order to change the public administration in the Anglo-Saxon countries, do not have a theoretical basis.9 However, without this it is impossible to make changes in the administration. Moreover, in the opinion of a few authors, the NPM is nothing more than “the systematic hypocrisy of politicians: i.e. they set their actions as it was carefully thought-out.”10

b) The costs spent on public expenditures were reduced in the countries which apply the principles of NPM, but scarcely and almost this is the case with the number of public servants, too. The volume of administrative activity did not tone down, but the fact is, it has changed. The role of governments faded on the field of economic regulation, but gained strength on other fields. The password of NPM is performance, but in none of the countries have such indicators been found which could help to measure the performance in public administration in an acceptable manner.

7 Lajos Lőrincz: Közigazgatási mítoszok... p.6 Commentaire. Revue Internationale des Sciences Administratives 2006. 3. szám, etc.


9 Lajos Lőrincz: Közigazgatási mítoszok... p.7

10 See e.g.: Colin Talbot: Moderniser l’Etat... p.23
c) About the public administration of the developed countries it can be stated that comparing to the former situation the legislation is more open, transparent, accessible and more able to carry on negotiations. Although, it does not provide a ground for a completely new administration, it helps only to modernize the Weberian model and create a neo-Weberian model. At the same time it is a fact – mainly due to the NPM – that the subject matter of enhancing efficiency had appeared in the centre of the topics of administrative specific literature around the turn of the millennium.

It is a fact as well that after the turn of the millennium and particularly after the financial-economic crisis of 2008, or rather its result, even more people expressed (express) their doubts concerning the effective application of methods of private sector in the administration (public sector). We add that not without grounds, because there are remarkable differences between the public and private administration. There is a table to justify it.

Table 1

<table>
<thead>
<tr>
<th>Public administration</th>
<th>Private administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Person</td>
<td>the biggest administrative system of the society</td>
</tr>
<tr>
<td>Subject</td>
<td>the entire society, also private administration</td>
</tr>
<tr>
<td>Content</td>
<td>administration</td>
</tr>
<tr>
<td>Aim</td>
<td>enforcing public interest</td>
</tr>
<tr>
<td>Method</td>
<td>activity of public authority and organising</td>
</tr>
<tr>
<td>Regulation</td>
<td>law regulates it fully</td>
</tr>
</tbody>
</table>

The details in the table clearly prove that governments and local governments cannot be managed in the same manner as an enterprise, because “...they are essentially distinct institutions. While entrepreneurs are motivated by the profit, the governmental leaders are motivated by the wish to be re-elected. The businesses gain money from the consumers, while the government does it from the tax-payers. Competition moves the business, governments usually make monopolies, ... and there are many more differences.”

11 Lajos Lőrincz: közigazgatási mítoszok... pp.9-10
Certainly, these do not mean the public sector’s automatic rejection of every solution of the business (private) sector, since—as practical experiences proved it—with proper adoption—some solutions can be applied in the public sector as well. See for example the “so called” One Stop Shop model.14

2. The tendency of Good Governance

The expression “governance” was created or rather first used by the World Bank in relation to the development policy at the end of the 20th century. The several branches of social science took it from here. Firstly the economic science, then political science, and finally the administration science around the turn of the millennium. As a result of these, today several concepts are known depending on in what context the expression is used. In public law, which examines the question from the administration’s side, the expression “good governance” and its synonyms need to be highlighted: “right for good public administration”, “right for proper office work”.

The tendency of “Good Governance” – as the specific literature correctly points out—approaches the administration on the grounds of value and participation, furthermore states that social problems shall be solved by involving the citizens and social organisations, thus they need to be inspired to better take part in the decision-making process concerning public policy. As an author said: “Good Governance” has four basic elements: 1.) citizens shall consider the power of state legitimate, 2.) citizens shall stay in the centre of the state activities, 3.) government shall work out leading principles for the society, 4.) control over public administration shall be continuous.15

This citation marks out that the tendency puts the citizens and their organisations, the civil organisations into the centre of the central decision-making process, in contrast to the previously explained NPM which emphasises the market and its mechanisms.

The European Union had also recognized its significance and advantages, therefore the European Commission headed by Romano Prodi set the aim of the “European Governance” reform in 1999. In the framework of the reform the Commission publicized the document called “White Paper on European Governance”. Its main purpose was the modification of the EU’s governmental system in order to bring the institutional system of the Union closer to the European citizens by making the community policies coherent.

The European Commission also stated that to achieve the aim of “good governance”, which was outlined in the aforementioned document, only the change of the Commission’s work is not sufficient, the effort of the other community institutions, Member States, candidate countries, and their local governments is also necessary. Therefore the White Paper wanted to be a compass not only for the Commission, but also for the other lawmakers and executors of Community Law.

The White Paper wrote the position of European Union as a starting point, referring both to the positive and negative elements. Among the positive ones the Commission emphasized that in the last fifty years the European Communities ensured peace and stability, almost unbroken economic development, furthermore democratic

14 From the concerning literature see for example the monograph of Zoltán Józsa: Önkormányzati szervezet, funkció, modernizáció, chapter 7.2.1., or Péter Ferenc Kasza: Az egyablakos ügyintézés modelljei (Miskolci Jogi Szenle V. évf. 2010. 1. szám)

working for Europe. Among the negative (critical) elements the Commission referred to the fact that from one point of view the Union – for many people – means an estranged institutional system, because about its mechanism not so much is known. From another point of view the EU does not react efficiently to the changes such as unemployment, criminality and political changes of the world.

After the progress report the Commission referred to the solution as well. It was set forth in the realization of the five principles of “Good Governance” such as openness, participation, accountability, efficiency and coherence -. The principle of openness creates a requirement for the institutions: to work more openly. They must make understandable what they do and why, what kind of decisions they make, and these need to be expressed in a suitable form and language. The principle of participation creates the grounding of decisions, and lift up the reliance of people which was put into the institutions, because it provides for the citizens, the various civil and social organisations to have a voice in decision-making. So the situation, in which decision-making is the privilege of the community institutions, needs to be abolished. The principle of accountability means that every institution is bound to explain to everybody what they do and why, furthermore they have to be responsible for the consequences of their conduct or omission. The principle of efficiency makes three requirements for the institutions. Firstly, the various policies shall be executed through clear principles in time (timeliness), regarding the experience of the past and the future effects. Secondly, the decisions and their consequences shall be proportional to the aims (proportionality). Thirdly, the decisions shall be made always at the best level and the principle of subsidiarity shall be enforced. The principle of coherence creates conformity among the various areas of co-operation and its enforcement by the institutions is required. It must be seen clearly that the changes in the world become more complex, therefore the answers for it shall be also complex and coherent.

Next to the principles of good governance the Commission pointed out the concrete tasks as well, whereby immediate action can be carried out, or rather which give a ground for drafting the long-term solution-package. The Commission divided these tasks into the following four main groups:

a) Bigger openness and wider participation in governance, i.e. the active participation of citizens in decision-making needs to be provided, the conversation about the collective issues between the institutions and population shall be enhanced. Its instruments are: the increased use of Internet, instead of sector-specified regulation the direct involvement of regional and local organs, entering into cooperative agreements with the civil and lobby organisations, etc..

b) A regulative reform is necessary, i.e. the efficiency of enactment, execution and accountableness of laws shall be improved. Its instruments are: deliberation and thorough analysis shall come before and justify the application of a source of law, continuous evaluation and feedback is also necessary. The process of legislation shall be speeded up, the capacity of management shall be strengthened, the unnecessary regulations shall be removed from the law system.

c) The European Union shall contribute to the success of global governance, too. By serving examples and various instruments it must motivate the international
organizations to apply the principle of “Good Governance” – besides the states and Community.

d) The policies and institutions of the Union shall be reconsidered. Policies have been developing without strategic view, on the ground of branches, in practice without conformity. Therefore the policies shall be redefined by enforcing the long-term thoughts. Each community institution shall concentrate only on its own tasks: The European Council has to lay down the long-term policies of the Community, the duties of Council of Ministers and the Parliament are the legislation, determination and control of budget, the Commission’s task is to initiate community policies and execute them. Reinvigoration of the community model stands in the centre of reconsideration of institutions.

In the last ten years the institutional system of the EU endeavoured to apply the principles of “good governance” with more or less success. It is not accidental that the Treaty of Lisbon – which was signed in 2007, but came into force in December 2009 – confirmed these principles and stated that:

- “In order to promote good governance and ensure the participation of civil society, the Union institutions ... shall conduct their work as openly as possible.” (Treaty on the Functioning of the European Union: Art. 15 para.1)
- “The institutions shall ... give citizens and representative associations the opportunity to make known and publicly exchange their views in all areas of Union action.” (Treaty on the European Union: Art. 11 para.1)
- “The institutions shall maintain an open, transparent and regular dialogue with representative associations and civil society.” (Treaty on the European Union: Art. 11 para.2)

Taking into account the aforementioned, the recommendation of the tendency of “Good Governance” can be summarized as follows:

- The mediator role of the state (public administration) shall be raised, so it shall make its decisions by mediating between the groups of society instead of proceeding in a powerful role. In this wise such compromises can be born which is “good for everyone”.
- The community decision-making shall be formed during disputes and compromise-searching, furthermore the procedure of decision making must be important and valuable next to or instead of the content of the decision.
- The state has to support, help and motivate the involvement of citizens and civil associations into the governance.
- Transparency and social openness mean the final control on the decisions of the public sector, since it is operated by the appropriately informed citizens.16

In relation to this tendency which is strongly supported by the United Nations two relevant problems can be mentioned. Firstly, such a developed society is necessary for the achievement of the desired aims where the population is not careworn with the day-to-day livelihood problems, but duly self-conscious: they want to make the best of the opportunity of participation provided by the state (public administration). In this sense, a big part of the developed countries fall out from the circle of the potential appliers. Secondly, - although the democratic values of the tendency are unarguable – the efficiency

16 György Gajduschek: Modern közmenedzsment... p.164
and quality of the democratic decision-making is doubtful in the modern society or in the world of media.

3. The tendency of Neo-Weberism

This tendency as a regulative, value- and participation-based approach was drafted as an answer to the distortion of the New Public Management at the turn of the millennium, when the criticism against NPM and liberal statecraft became stronger. In connection with these facts the statement of the tendency of Neo-Weberism is that the public sector’s and social problems cannot be solved in an effective way only by the instruments and methods of the private sphere and by the application of the market relations in the public sphere, so by minimization and by affecting the market. Moreover, even contrariwise! The state and as its part public administration have to be strengthened! The state and public administration which were weakened in terms of the New Public Management and modernisation – it is the reaction to globalisation -. Because a strong state counterbalances the harmful effects of the consequences of market process, equalize the distortion of market, furthermore it happens democratically and by the application of the principle of co-partnership for the benefit of the majority and common good. So it is important to go back to the roots of the Weberian model which was before the time of NPM and give space to the initiatives of the civil sector. The recommendations of the devotees of Neo-Weberism can be gathered around four thoughts:

- The state and public administration, which were weakened as the result of the New Public Management, need to be strengthened. Primarily by strengthening the regulation, giving back the power of law and restoring the moral values.
- The rank of legitimacy and high professional standards shall be resettled in the state life and in public administration. The functioning of state and public administration has to be not only efficient, but also lawful and workmanlike.
- Such an administration has to function which is citizen- and client-friendly, which handles the citizens as partners and keeps the authority of public administration (state).
- The principle of efficiency shall be enforced as an emphasized point during the use of financial resources which aim the scope of common tasks.

Francis Fukuyama writes in details about all of these in his famous monograph called “State-Building: Governance and World Oder in the 21st Century”. He points out that “the world’s most important political question after 11 September 2001 will be not how to roll back the statehood, rather how to build it up.”17 The other thoughts of the author are also worth considering. Accordingly, “…crippling the state is not an utopia…, but a foreplay of a catastrophe. The unsatisfactory level of institutional development is a critical point for the poor countries… What we need is a strong and efficient state. … thus we have no other opportunity, just to return to the sovereign nation-state, and try to understand again how we could make it strong and efficient.”18

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Nowadays in the developed countries, and particularly in Europe, the state tasks and the distribution of sources are reconsidered essentially in the framework of this tendency, so to use the definition of Fukuyama: for rebuilding of the state (again). It is enough to think about France, Germany or Hungary. It seems like that the liberal, neo-liberal economic and state philosophy which sounds the omnipotence of market is finally doomed to failure and gave its place to a strong state or public administration philosophy which stresses on the legitimacy and efficiency. Maybe, there is nothing new under the sun?

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