

# The NISPAcee Journal of Public Administration and Policy

Special Issue:  
A Distinctive European Model?  
The Neo-Weberian State

Volume 1  
Number 2  
Winter 2008/2009



**NISPAcee**

THE NETWORK OF INSTITUTES AND  
SCHOOLS OF PUBLIC ADMINISTRATION  
IN CENTRAL AND EASTERN EUROPE



TTU1918





The NISPAcee Journal  
of Public Administration and Policy



# The NISPAcee Journal of Public Administration and Policy

**Special Issue:  
A Distinctive European Model?  
The Neo-Weberian State**

Guest Editors:

Christopher Pollitt, Geert Bouckaert,  
Tiina Randma-Liiv, Wolfgang Drechsler

**Volume I  
Number 2  
Winter 2008/2009**

Bratislava, NISPAcee Press



Copyright © 2008 by NISPAcee

The Network of Institutes and Schools of Public Administration  
in Central and Eastern Europe

## **The NISPAcee Journal of Public Administration and Policy**

**Special Issue:**

**A Distinctive European Model? The Neo-Weberian State**

**Volume I, Number 2, Winter 2008/2009**

Jointly published with

EGPA ([www.iias-iisa.org](http://www.iias-iisa.org)) and Tallinn University of Technology ([www.ttu.ee](http://www.ttu.ee))

### **Editor-in-chief**

Juraj Nemec, Matej Bel University, Banska Bystrica, Slovakia

### **Guest Editors of the Special Issue**

Christopher Pollitt, Geert Bouckaert, Tiina Randma-Liiv, Wolfgang Drechsler

### **Editorial Board**

Geert Bouckaert, Catholic University of Leuven, Belgium

Wolfgang Drechsler, Tallinn University of Technology, Estonia

György Jenei, Corvinus University of Budapest, Hungary

### **Advisory Board**

Attila Ágh, Corvinus University of Budapest, Hungary; William N. Dunn, University of Pittsburgh, USA; Natalya Kolisnichenko, Odessa Regional Institute of Public Administration, Ukraine; Laurence E. Lynn, Jr., University of Chicago, USA; B. Guy Peters, University of Pittsburgh, USA; Martin Potůček, Charles University, Czech Republic; Tiina Randma-Liiv, Tallinn University of Technology, Estonia; Željko Šević, Glasgow Caledonian University, UK; Markku Temmes, University of Helsinki, Finland; Laszlo Vass, Budapest College of Communication and Business, Hungary; Mirko Vintar, University of Ljubljana, Slovenia

### **Language Editor**

Ingbert Edenhofer

Published by *NISPAcee Press*

e-mail: [nispa@nispa.org](mailto:nispa@nispa.org)

<http://www.nispa.org>

Editorial correspondence, including manuscripts for submission, should be addressed to Mr. Juraj Sklenar, the Managing Editor, NISPAcee Press, e-mail: [sklenar@nispa.org](mailto:sklenar@nispa.org). Manuscripts should be sent in electronic form. Book reviews are also welcome.

Printed in Slovakia

**ISBN 978-80-89013-40-1**

**ISSN 1337-9038**

The NISPAcee Journal of Public Administration and Policy is published with the support of the LGI/OSI (The Local Government and Public Service Reform Initiative, Open Society Institute), Budapest, Hungary.

# Table of Contents

Introduction	
<i>Geert Bouckaert and Mzia Mikeladze</i> .....	7
An Overview of the Papers and Propositions of the First Trans-European Dialogue (TED1)	
<i>Christopher Pollitt</i> .....	9
What Is a Neo-Weberian State? Reflections on a Concept and its Implications	
<i>Laurence E. Lynn, Jr.</i> .....	17
Evaluating Administrative Modernization in German Local Governments: Success or Failure of the “New Steering Model”?	
<i>Sabine Kuhlmann, Jörg Bogumil and Stephan Grohs</i> .....	31
A Post-Accession Crisis? Political Developments and Public Sector Modernisation in Hungary	
<i>György Jenei</i> .....	55
New Public Management Versus the Neo-Weberian State in Central And Eastern Europe	
<i>Tiina Randma-Liiv</i> .....	69
The Concept of the Neo-Weberian State Confronted by the Multi-Dimensional Concept of Governance	
<i>Martin Potůček</i> .....	83
Conclusion: Towards the Neo-Weberian State? Perhaps, but Certainly Adieu, NPM!	
<i>Wolfgang Drechsler and Rainer Kattel</i> .....	95
Information for Contributors.....	101





## Introduction

---

*Geert Bouckaert<sup>1</sup> and Mzia Mikeladze<sup>2</sup>*

Public administration is on the move, in practice and as a field of research. The whole movement of New Public Management came from countries which have a tradition which is rather distant from the continental European administrative tradition. In the case of New Zealand, it literally came from the other side of the world. But it had a serious impact on our debates and practices. Also from a theoretical point of view, this NPM came from a specific type of economic neo-institutionalism with specific ideological choices. It was also interesting to observe that, just like SARS, a virus took the plane and was exported to 'the other side of the world'. OECD platforms were very functional to spread ideas, to influence reforms, to affect research and models within Western liberal democracies. Ultimately, it seemed that problem definitions, solutions, and the one-to-one link between problems and solutions were pre-fixed and could be taken for granted.

But blunt imitations of other-side-of-the-world-solutions turned into inconvenient truths. Perhaps we were providing the right answer to the wrong question. Perhaps culture and context do matter. Perhaps, we were trying too hard to become another New Zealand. Perhaps we should first try to find out what we are, where we are, and where we want to get. And then, we could try to improve our systems by allowing ourselves to get inspiration from other models.

This leads us to the issue of defining the identity of European models (plural) of public administration, or of models (plural) of European public administration. To prevent dysfunctional imitation, it is necessary to know your identity which then includes a more sophisticated diagnosis, as a function of culture, context, and systems features. This will allow for selective transfers, for inspiration by other good practices, for adjustments of solutions, for facilitated learning by doing, for trajectories which are fit for purpose.

Therefore dialogues are important. A dialogue is not a monologue. It needs at least two sides, and it needs an equilibrated two-way traffic of ideas and arguments.

---

1 President of EGPA.

2 President of NISPAcee.

A dialogue is different from a debate. However, elements of a debate are part of a dialogue. The main objective is not to convince the other side, it is to have a contradictory debate to better understand and to learn. There are empirical elements in a dialogue. One needs to know what is going on. There are modelling or theoretical elements in a dialogue. One needs to understand why and how things are happening. There is a normative element in a dialogue. One needs a flavour of 'bad', 'good', 'better', and perhaps even 'best', given the circumstances.

Dialogues between Western, Central, and Eastern Europe are crucial for the sake of Europe. We need to maintain a broad range and diversity of models within the European Administrative Space, within the European Acquis. This could be important for the extra-European regions. What is beyond Eastern Europe is looking at this range of European models. Dialogues should be a vehicle to emphasize the importance of learning platforms, of the possibility to improve without imitation of solutions. For all these reasons, the European Group of Public Administration considers the Dialogues with NISPAcee as crucial. Obviously, the Dialogues with ASPA, and with the Mediterranean are essential as well. But those with NISPAcee are essential because we cover together the European realm, and we share the responsibility to improve the academic practices in studying public administration.

The theme of a Neo-Weberian State (NWS), in its empirical and theoretical approach, and in essence in its hypothetical status, could become a shared programme. Then it suddenly turns into a programme of improvement where theories and models are guiding the practice of public sector reform. If that is the case, then this Dialogue has been beneficial for all of us. EGPA does hope that this also will apply to all the following Dialogues between EGPA and NISPA.

In the end, both NISPAcee and EGPA would like to thank the local organizers at Tallinn University of Technology (TUT) who greatly contributed to the success of TED1. TUT was a logical place for the first TED, not only because of Tallinn's traditional role as a linchpin of Eastern and Western Europe, but because it is the one institution that has board members both of EGPA and NISPAcee among its faculty. First and foremost, our thanks go to Wolfgang Drechsler, co-coordinator of the conference with Geert Bouckaert and Christopher Pollitt, who originally conceived the topic. Wolfgang Drechsler was the main person in planning, organizing, and executing the entire meeting. He was very ably supported in this task by Külli Sarapuu, the project manager, a team of graduate students, and his colleague Tiina Randma-Liiv, who also took over some editorial duties of the present publication later on. We are grateful to TUT's Faculty of Humanities (Dean Sulev Mäeltsemees) and to the Institute of Public Administration (Director Rainer Kattel) for not only hosting but also fully funding the meeting, thereby setting an excellent and necessary example for the TED format. And finally, we thank the City of Tallinn and the State Chancellery of Estonia for hosting the two dinner receptions that formed the main social part of the conference.

# **An Overview of the Papers and Propositions of the First Trans-European Dialogue (TED1)**

*Christopher Pollitt*<sup>1</sup>

---

## **Introduction**

---

TED1 was focused on the theme of the ‘neo-Weberian State’ (NWS) and participants were asked each to send in a limited number of short ‘propositions’ about NWS before the meeting. These propositions were intended to be statements of what participants thought of the NWS model – did it make sense? Was it a reasonably accurate portrayal of what had happened in countries they studied? What were its theoretical and normative implications? My job – as reflected in this introductory paper – was to make a reflective overview of these propositions, and to connect them to some of the more substantive papers that were presented in Tallinn.

In the event, the propositions circulated by TED participants went far beyond anything that Geert Bouckaert and I had anticipated when we originally coined the label ‘NWS’ for a section of our 2004 book on public management reform (Pollitt and Bouckaert 2004). Our original focus was on the empirics – on what we thought we saw was going on. NWS was a descriptive concept. Interestingly, only a minority of the propositions and comments we received focused on the empirics. Far more popular was the theoretical side: where different ‘proposers’ linked or compared NWS to a wide range of other theories, including multi-level governance, network theory, regulatory theory, deliberative democracy, Luhmanesque systems theory, Public Service Motivation and the Napoleonic model – to mention but a few! ‘Paradigm’ was probably the most frequently occurring word in the comments we received, and yet in our book we never in fact called the NWS a paradigm, and, indeed, I don’t think it is one. It is just what we called it: a ‘model’ of public management reform.

One initial and sobering thought is that perhaps this distribution of propositions reflects the state of the academic field of public administration and pub-

---

<sup>1</sup> BOF/ZAP Research Professor of Public Management, Katholieke Universiteit Leuven, Belgium.

lic policy in continental Europe? Could it be that we are an academic community whose theoretical work runs far ahead of our empirical work? [That may be why virtually nobody made any comment at all about research methods and what might be needed to test the accuracy and extent of the NWS description, or to assess its consequences?] We love inventing new theories and models and terms but we are rather slow to design and conduct the large-scale empirical research that might help us to test some of these abstract constructions? Our typical comparative text is still a collection of country chapters written by individual country experts, within only a loose overall theoretical or conceptual framework. If so, perhaps one thing that might come out of TED would be a more ambitious empirical agenda, with genuinely strategic and comparative projects, run from several centres as disciplined teams?

However, let me return to the propositions. They were very various and, in the space available, I cannot comment on them all. Since NWS was originally intended as a descriptive concept, I will say only a little at the end about its connections with other *theories*, although that is potentially a very productive discussion. Here, however, I will mainly deal with those propositions that cast doubt on the accuracy of NWS as a description or characterization of what has been going on. Among comments of this type there seem to be four main substantive points:

1. Each country has its own variations – Norway, for example, is different from, say, the Netherlands or Denmark, and Finland has several contradictory tendencies within its reform trajectory – and therefore the NWS concept misses a lot of important local detail;
2. The Weberian model does not apply to the Napoleonic states, which have a separate model. Therefore France, Spain etc. cannot be ‘post-Weberian’;
3. In eastern Europe it remains true even now that the most important influence is not the Weberian model but the Russian/Soviet model. Again, therefore, NWS does not really make sense in those territories;
4. NWS ignores the influence of the EU, and needs to be adapted so as to take account of the reality of multi-level governance.

I will try to address each of these in turn.

## **Individual country variation**

---

It is not surprising that not everything in every country fits the NWS. It was always a very high-level model, intended to capture the broadest features not the detail. [The same could be said of the NPM and, indeed, Weber’s original ideal type.] The high level of generality of NWS should be clear from its substantive content (see annex to this note).

Therefore, for there to be particular reforms in a given country which do not have NWS characteristics is not surprising. Only if the main lines of reform in a country contradict or bear little relation to this set of precepts can we say that the NWS is 'falsified' for that country. If we take two states that were represented at TED1, and whose representatives have stressed their distinctiveness and variety – Norway and Finland – I would say that, in so far as I understand what has been going on in those two states over the past couple of decades, in broad terms it fits the NWS model quite well. However, I am quite happy to be contradicted by those from those countries, who undoubtedly know their developments far better than I ever could! And I am equally happy to confirm that researchers who focus on issues or events which do not fit with the NWS model are doing work as important and legitimate as those who use the concept.

## **The post-Napoleonic states**

---

One comment was that some southern European countries could not be post-Weberian because they were post-Napoleonic. This was an interesting line of argument – I think I know what the proposer was getting at, but I don't quite agree with his way of putting it. Of course Spain, Portugal and Italy have strong trace elements from the Napoleonic system. But I don't think it is that which makes them unlike the Weberian model. Clearly, France and Germany (or at least Prussia) also bear/bore the marks of Napoleon, and they are often considered to be cases of the Weberian model, at least as far as bureaucracy is concerned (Lynn 2006). [Again, of course, there are major differences between France and Germany, but for certain purposes it is nevertheless useful to see them as both belonging to a particular continental 'type' (Proeller and Schedler 2007)].

Where I think the difference of the Mediterranean states lies is not so much with their bureaucracies as with their *democracies*. The Mediterranean states all have records of long periods of authoritarianism, and/or weak democratic institutions. They have deeply embedded habits of party political patronage, clientelism and/or corruption in the public service, to an extent which has disappeared from most north-western European countries (Kickert 2008). Of course recently they have also seen many reforms, including important attempts to build proper social security systems and national health services, and to modernize systems of budgetary control. But the point is that these are building upon or seeking to change, an inherited situation which is significantly different from that found in the Nordic states, the Netherlands, Germany or even France. In path dependency terms, they have experienced a different sequence of major events (Pollitt 2008). Thus the Mediterranean states are missing part of Weber's ideal type. They have the bureaucracies (albeit riddled with patronage) but until recently they have not possessed the strong democratic institutions that Weber regarded as essential for keeping bureaucracies

under control and supervision. It has been the growth of democratic forms that has constituted the crucial change of the past three decades.

In sum, therefore, I would concede that the group of Mediterranean states are different in some very important respects (Kickert 2008). This makes it more difficult to fit the NWS model to their recent histories. However, I am not convinced that NWS is entirely irrelevant either. I would cautiously argue that these countries are, in a sense, working towards something like a NWS, but that they are doing so from a different starting position – one where it is the democratic institutions that require as much or more change than the bureaucracy (although the latter is also being modernized, in a piecemeal and incremental way).

### **The post-Soviet states**

None of the 12 states covered in the 2<sup>nd</sup> edition of *Public Management Reform* were post-Soviet, and Geert and I were not thinking of post-Soviet regimes when we discussed the NWS model. Thinking about it now I am inclined to concede that the NWS model does *not* fit such states very well. As a number of commentators have said, they have been trying to introduce modern management methods *at the same time* as installing some of the basics of a Weberian system (e.g. Hajnal and Jenei 2008). They are still getting to Weber rather than having the luxury of building beyond him. The Soviet regimes certainly had plenty of bureaucracy, but it was not of the Weberian type, and its relationships with political power were certainly fundamentally different from those in western liberal democracies. What is striking, however, is the number of expert commentators from central and eastern Europe who seem to want to adopt the NWS as a *normative* model – something to strive for, rather than a description of the status quo (e.g. Randma-Liiv 2008).

### **The EU and multi-level governance**

This is another good point, but I would argue that it is not a fatal one for the NWS idea, for at least two reasons. First, the NWS model was born within the study of public management reform. And public management reform is still an area marked by very strong national autonomy, and only a very limited competence on the part of EU institutions. This is not trade or agriculture. One can write a perfectly good history of public management reform in France or the UK whilst only making minor and occasional mention of the EU. It is true, however, that that autonomy may be less marked in the transitional states of central eastern Europe, where the Commission was able to insist on the installation of certain institutions and procedures as part of the price of membership, but in those cases much of what was imposed was far more Weberian than NPM-ish (Olsen 2007). It is also true that the EU has had a major impact on the de-regulation and re-regulation of public utilities

(energy, telecommunications, transport). However, its influence on reforms in the cores of central and local government has been much more modest – and that is the main focus of this paper, and of our original book.

Second, when we look at the EU Commission, we find a bureaucracy which is itself very much on the NWS path. Having been firmly moulded on the French model it finally, in the 1990s, began to reform, aiming to make itself more externally-oriented and consultative, more professional and more efficient (Pollitt and Bouckaert 2004). It is indeed a classic bureaucracy which is trying to modernize itself whilst retaining its distinctive public service qualities – very NWS-ish.

## **Afterthought: developing theory from the NWS model**

As indicated at the outset, this short essay is mainly concerned with the adequacy or otherwise of the NWS as a descriptive concept or model. However, Lynn (2008) provided the Trans-European Dialogue with a strong blueprint of what would be required if this model was to be developed further as a theory. It could feature, for example, as an independent variable (in so far as the NWS exists, it explains the further consequences a, b and c) or as a dependent variable (NWS comes into existence to the degree that the antecedent conditions p, q, and r are present). His paper is reproduced later in this collection.

My first, rapid reflections on this lead me in the direction of seeing the NWS as possibly the outcome of a political strategy. It could be interpreted as a political response to globalization and political de-alignment in the rich, strong liberal democratic regimes of western Europe. These are big states, in the sense that they employ or directly support a substantial share of the total workforce, and total government expenditure is a high percentage of GDP (Pollitt and Bouckaert 2004: 204–205). This is mainly because they support large welfare states and derive a good share of their legitimacy from these programmes (social security, health care, education, social care). There are major differences between countries, of course, but both the corporatist models of Germany, France and the Netherlands and the social democratic model of Sweden share the characteristic of being bigger in terms of money and staff than the safety net model prevalent in the US (see, most famously, Esping-Andersen 1990). The pursuit of NWS-like solutions could be seen as an attempt to protect the ‘European social model’ from the deprivations of global markets and neo-liberal ideology. A modernized state may be able to retain the trust (or at least the acquiescence) of enough of its citizens to continue to play the central role in promoting social cohesion and a limited form of egalitarianism. But this would require modernization in at least two senses. First, there would be the elevation of the convenience, quality and efficiency of public services. But, second, there would also need to be an elaboration of mechanisms by which a far better educated, and less

deferential, population could participate in decision-making and the expression of preferences.

This, is, however, no more than a first attempt to rise to the challenge thrown down by Lynn's paper (2008).

## **Summary: the essence of the NWS**

---

The ideas of political power and modernization convey the two deepest dimensions of the original NWS concept. First, the state remains a strong steering and regulating presence within society. Thus the objective is *not* the minimal state praised by some Anglo-American politicians. The state is *not* seen principally as a burden on economy and society, or as a necessary evil. Rather it is the guarantor and partner of both a strong economy and a civilized, socially cohesive society. It is the initiator or facilitator of a whole range of additional democratic mechanisms, central and local, both representative and direct (see the second bullet point under "Neo" elements' in the following annex). [Thus, incidentally, NWS is *not*, as some commentators have assumed, just the traditional Weberian bureaucracy plus some NPM efficiency tools.]

Second, the state is steadily modernizing, professionalizing and seeking improved efficiency. But there is no assumption that aping the private sector – or actually using the private sector – is the *only* way to achieve efficiency and professionalism. Private sector methods *may* be chosen on some occasions and for some policies, but they have no automatic priority or superiority. The public service remains distinct, ethically, motivationally and in terms of labour law, and it is regarded as fully capable of developing its own solutions to its own challenges. To be a public servant is not 'just a job'. Thus, from this perspective, the modern European state is seen as being capable of responding to the pressures of globalization without unduly fragmenting and/or marketizing itself. To put it another way, there is still a central role for representative politics, alongside international markets, in addressing the need for social and economic change. Whether this can ultimately work is, of course, an empirical question, and it may be that the answer will not be the same in different parts of Europe.



## **Annex: Summary of the Pollitt/Bouckaert NWS Model**

---

### **‘Weberian’ elements**

- Reaffirmation of the role of the state as the main facilitator of solutions to the new problems of globalization, technological change, shifting demographics and environmental threat;
- Reaffirmation of the role of representative democracy (central, regional and local) as the legitimating element within the state apparatus;
- Reaffirmation of the role of administrative law – suitably modernized – in preserving the basic principles pertaining to the citizen-state relationship, including equality before the law, legal security and the availability of specialized legal scrutiny of state actions;
- Preservation of the idea of a public service with a distinctive status, culture and terms and conditions.

### **‘Neo’ elements**

- Shift from an internal orientation towards bureaucratic rules towards an external orientation towards meeting citizens’ needs and wishes. The primary route to achieving this is not the employment of market mechanisms (although they may occasionally come in handy) but the creation of a professional culture of quality and service;
- Supplementation (not replacement) of the role of representative democracy by a range of devices for consultation with and the direct representation of citizens’ views (this aspect being more visible in the northern European states and Germany at the local level than in Belgium, France or Italy);
- In the management of resources within government, a modernization of the relevant laws to encourage a greater orientation on the achievement of results rather than merely the correct following of procedure. This is expressed partly in a shift in the balance from ex-ante to ex-post controls, but not a complete abandonment of the former;
- A professionalization of the public service, so that the ‘bureaucrat’ becomes not simply an expert in the law relevant to his or her sphere of activity, but also a professional manager, oriented to meeting the needs of his/her citizen/users.

(Pollitt and Bouckaert 2004: 99–100)

## References

---

- Esping-Andersen, G. 1990. *The Three Worlds of Welfare Capitalism*. Cambridge: Polity.
- Hajnal, G., and G. Jenei. 2008. The study of Public Management in Hungary: Management and the Transition to the Democratic *Rechtsstaat*. In *The Study of Public Management in Europe and the US*: 209–232. Edited by W. Kickert. London and New York: Routledge/Taylor and Francis.
- Kickert, W., ed. 2008. *The Study of Public Management in Europe and the US*. London and New York: Routledge/Taylor and Francis.
- Lynn, Jr., L. 2006. *Public Management: Old and New*. London and New York: Routledge/Taylor and Francis.
- Lynn, Jr., L. 2008. What is a Neo-Weberian State? Reflections on a Concept and its Implications. Paper presented to the 1<sup>st</sup> Trans-European Dialogue, Tallinn University of Technology, 31 January.
- Olsen, J. 2007. *Europe in Search of Political Order: An Institutional Perspective on Unity/Diversity, Citizens/their Helpers, Democratic Design/Historical Drift and the Co-Existence of Orders*. Oxford: Oxford University Press.
- Pollitt, C. 2008. *Time, Policy, Management: Governing with the Past*. Oxford: Oxford University Press.
- Pollitt, C., and G. Bouckaert. 2004. *Public Management Reform: A Comparative Analysis*. 2<sup>nd</sup> ed. Oxford: Oxford University Press.
- Proeller, I., and K. Schedler. 2007. Change and Continuity in the Continental Tradition of Public Management. In *The Oxford Handbook of Public Management*: 695–719. Edited by E. Ferlie, L. Lynn, Jr., and C. Pollitt. Oxford: Oxford University Press.
- Randma-Liiv, T. 2008. New Public Management versus Neo-Weberian State in Central and Eastern Europe. Paper presented to the 1<sup>st</sup> Trans-European Dialogue, Tallinn University of Technology, 31 January.

# What Is a Neo-Weberian State?

## Reflections on a Concept and its Implications

*Laurence E. Lynn, Jr.*<sup>1</sup>

### Introduction

In 2004, Christopher Pollitt and Geert Bouckaert introduced the term “Neo-Weberian State” into the international discussion of public management reform (Pollitt and Bouckaert 2004). According to Pollitt and Bouckaert, “there are continuing broad differences between different groups of countries” (2004: 102) as far as governance is concerned. Their groups are the “maintainers”, the “modernizers”, and the “marketizers”. According to their argument, however, only two groups are of exceptional interest: the core, Anglo-American New Public Management (NPM) marketizers and the continental European modernizers. The reform model of this latter group is what Pollitt and Bouckaert classify as the Neo-Weberian State.

Applying the Pollitt and Bouckaert criteria for Neo-Weberianism (summarized in the appendix) to American governance, while not recommended by Pollitt and Bouckaert, is nonetheless irresistible to an American participant in the Trans-European Dialogue on the New Weberian State”. While American governance may be “neo” – there have been developments in the American administrative state in recent decades that are to some degree “new and different” – in no meaningful sense is American governance “Weberian” according to the Pollitt-Bouckaert criteria. If the American state is “neo”, though, what does that term modify: neo-what? I will suggest an answer to this question in what follows as well as argue for its relevance to a trans-European dialogue.

There are deeper issues, however. Unacknowledged by Pollitt and Bouckaert is the fact that the term “neo-Weberian” has a variety of definitions and applications in the literatures of political science, sociology, and public affairs dating back to the 1960s and 1970s. To classify a state, or an organization, as neo-Weberian, according

---

1 Sid Richardson Research Professor at the LBJ School of Public Affairs, University of Texas, Professor of Public Management at the Manchester Business School, and the Sydney Stein Jr. Professor of Public Management Emeritus at the University of Chicago.

to this literature, is to imply value judgments on the relationship of such a state or organization to its members un-enumerated by Pollitt and Bouckaert. While the Pollitt and Bouckaert classification implies a positive synthesis of the new and the traditional, neo-Weberianism can also be viewed as having a dark side which, while beneficial for governing elites, is anti-democratic in its consequences.

In this paper, I will first address a foundational question: Of what value is a dialogue on “the New-Weberian State”? That is, what intellectual and practical agendas might be advanced by such a dialogue? That basic question encompasses several more specific questions, which are taken up in turn: What is the value of such classifications? What is the relationship of such classifications to theories that view nation state institutional evolution as path dependent? How should the term “neo-Weberian” be defined for purposes of comparative analysis? If it is neither a marketizer nor a modernizer, how shall the United States be classified, and what insights for comparative analysis are to be gained from such a classification? The paper will conclude with the argument that taking neo-Weberian analysis to deeper levels can be both intellectually and practically productive.

## Why Classify?

---

The term “Neo-Weberian State” (NWS) is, in the first instance, broadly descriptive (as was the classification New Public Management when first articulated). But what is the ultimate purpose of such classifications?<sup>2</sup> On what sorts of analytic or theoretical foundations do such classifications rest? Do such classifications signify anything of deeper theoretical or normative significance? Do the descriptors qualify as dependent variables in a model that has observable, verifiable causes?

Often, as in this case, a classification suggests that something new has emerged or is emerging. The profession of public administration has long been eager to announce what is new, emergent, and transformative, often without any compelling evidence (Lynn 2007, Olsen 2006, Pollitt 2000). Using generalizations to depict “the new” can be illuminating: American pronouncements concerning “the new administration” and “the new management” in the first half of the twentieth century increased academic and practical attention directed toward an emerging phenomenon of great significance: the administrative state.

But such generalizations can just as well sew confusion; the New Public Management rather quickly became both a shapeless catch-all term<sup>3</sup> and an ideology

---

2 In another forum, Pollitt has asked a similar question: “how and how far one can generalize in public management” (2006: 306–307).

3 Dunn and Miller, for example, put forward the convoluted characterization of “New Public Management” (NPM) as “a program for governmental transformation initiated in the 1990s and captured by the concept “reinventing government” (2007: 345). The two constructs, “New Public Management” and “Reinventing Government”, arose contemporaneously on opposite sides of the Atlantic and refer to quite different reform agendas.

of reform that, while now in sharp decline, arguably lives on in the “neo” part of “Neo-Weberian State”. A similar metamorphosis may already be affecting the NWS; Wolfgang Drechsler proposes that this classification, too, be viewed as a normative model: “An administrative system generally works better, of course depending on time and place, the closer it is to the NWS” (2005).

## **Paths Not Taken?**

---

A related question concerns the juxtaposition of such classifications with the widely-accepted notion that path dependence characterizes the evolution of national governing institutions.<sup>4</sup> Donald Kettl poses this question succinctly: “If, as is surely the case, reform is culturally dependent, how do variations in national culture affect the big reform trends?” Kettl continues: “*Modernising Government* [the OECD publication on which he was commenting], like much cutting-edge work in government reform, struggles to deal with the inescapable dilemma: the search for central, driving themes, on the one hand, and the need to recognize the vast variation among nations, on the other” (Kettl 2006: 315). Path dependence seems to be in tension with broad generalizations concerning administrative state characterizations and trajectories, which are often ahistorical and almost always seem to be at least lightly flavored with the notion of “progress” if not of inevitability or isomorphic convergence.

Two specific questions obtrude at this point: (1) Is variance among the administrative systems of the states classified as “neo-Weberian” being reduced – is that implied by the classification – and, if so, does this isomorphic convergence suggest that these states are deviating from historical paths of national institutional development? (2) If convergence is not implicit in the neo-Weberian classification, then what purpose is served by the classification? It might be the case that the rapid succession of normative models, including NPM, the NWS, and, a competitor also enjoying some popularity, the New Public Governance, succeed each other in quick order because tensions between these models and underlying path dependence of legal state evolution are generally resolved in favor of the weight of history.

---

4 As Douglass North, the economist and theorist of the evolution of institutions, puts it (1990: 98), “[a]t every step along the way there [are] choices – political and economic – that [provide] real alternatives. Path dependence is a way to narrow conceptually the choice set and link decision making through time.” Relations among political choices over time can, for example, be formally expressed as a hierarchical structural model that incorporates a complex lag structure, a structure which might even be recursive. By recursive is meant that choices are characterized by processes which can be indefinitely and repeatedly applied to their own output, such as algorithms which create branching and subdivision. Specifically, contemporary public management might be viewed as a stage in a stochastic process whose asymptotic distribution (that is, the structures, practices, and institutionalized values that we can observe) evolves as a consequence of the history of that process, that is, it is non-ergodic, or path dependent. In short, a path-dependent process or time series is one whose asymptotic distribution – the outcomes toward which it is tending – evolves as a consequence of the history of the process.

It is difficult to avoid such theoretical issues, which are at least implicitly raised by the notion of a New-Weberian State.

## **What is the Meaning of “Neo-Weberian”?**

---

If, for the sake of argument, we assume that a reduction in variance among a selected set of administrative system characteristics in states classified as Neo-Weberian is the phenomenon to be explained, are there theories that might account for such a pattern of institutional evolution? To take a normative perspective, if such a reduction in variance – convergence on the NWS – is proposed as the objective of public management reform, are there theories to frame or inform the design of reform strategies?

## **Neo-Weberian Theories of Organizations and States**

---

The term “neo-Weberian” has been used in the literatures of political science, sociology, and public administration since at least the 1970s.<sup>5</sup> Often it is used without definition and refers to analysis that features variants of the Weberian model and employs Weber’s comparative methods of analysis. “Neo-Weberian” analysis often emphasizes the “machinery of government” or power relationships in administrative systems or instrumental rationality. Of theoretical interest is the fact that Neo-Weberian administration has also been viewed critically, as a threat to liberal democracy.

The term “neo-Weberian” has often been used, not surprisingly, in the study of organizations. Sociologist Philip Selznick’s work on organizations, for example, has been termed “neo-Weberian” in the sense that, with Weberian assumptions as a point of departure, he introduces “the dark side of organizations”, that is, that organizations “could be subverted by informal and illegitimate patterns of authority and decision making”, undermining their legitimacy (Hinings and Greenwood 2002: 412). In this view, according to Charles Fombrun (1986: 404) “actors manipulate systems to perpetuate their ability to achieve parochial ends, and individual action translates into forms of corporate governance that ultimately promote the emergence of distinct social classes.”

Of more immediate relevance to this forum is the use of the term “neo-Weberian State” in associated with theories of the state, especially those that are “state-

---

5 “[R]ecently ... there has been a neo-Weberian revival in Anglo-American organization theory. This body of work, in fact, is probably sociology’s richest mine of predictive generalizations. Instead of reifying Weber’s ideal type, writers ... have followed Weber’s comparative historical method” (Brown 1978: 367).

centered”<sup>6</sup> Michael Mann’s well-known neo-Weberian definition of the state is a territorially demarcated, differentiated set of institutions and personnel with a center that exercises authoritative rulemaking backed by the coercive powers of the state (Mann 1983). Eric Nordlinger sees the state as reflecting the subjective preferences of policy makers who possess at least some significant degree of autonomy but are constrained by the state’s structural characteristics (Nordlinger 1988; see also Mitchell 1991).<sup>7</sup>

Some neo-Weberian theories of the state are varieties of institutionalism, especially including historical institutionalism. Historical institutionalism may emulate Weber’s emphasis on legitimacy. Leonard Seabrooke argues, for example, that “a reinvigorated conception of legitimacy provides us with a substantive neo-Weberian ‘historicist’ approach that provides a deeper understanding of how both norms and material interests shape the state” (Seabrooke 2002 Abstract). By legitimacy, a key element of Weber’s own thought, Seabrooke refers to a distinctively democratic element in policy making that counters the tendency of state-centered approaches toward functionalist explanations of the state, which are also labeled “neo-Weberian”.

Thus the tradition of neo-Weberian analysis offers perspectives that range from a neutral emphasis on administrative systems to both positive and negative assessments of the Neo-Weberian State’s normative implications for state-society relations and the legitimacy of administrative arrangements.

## **The State as Given**

---

Some critics of neo-Weberian approaches to the state argue that the state itself is not taken as a phenomenon needing explanation or having a cause (Schulman 2003). The state may be viewed as “a logical necessity that functions according to some omnipotent knowledge of the reproductive needs of capitalism” (Schulman 2003: 84).

One possible approach to analysis of the Neo-Weberian State is that individual states are understood as remaining on their distinctive paths of institutional evolution – what we might call constitutional evolution or the evolution of “the legal

---

6 State-centered theories of the state contrast with those that are “society-centered”, which include varieties of pluralism/elitism, Marxist/neo-Marxist explanations, and post-structural approaches. Arguably, the construct “governance”, insofar as it both describes and prescribes networked, consociational and conjoint relationships as the heart of public administration, has a society-centered sense to it.

7 Timothy Mitchell counters that “The state should be addressed as an effect of detailed processes of spatial organization, temporal arrangement, functional specification, and supervision and surveillance, which create the appearance of a world fundamentally divided into state and society. The essence of modern politics is not policies formed on one side of this division being applied to or shaped by the other, but the producing and reproducing of this line of difference” (1991: 95).

state” – while at the same time exhibiting isomorphism in important administrative system characteristics.<sup>8</sup> As has often been observed, there are important elements of faith, ideology, and fashion in public management reform, sustained not by theory but by instrumental logic. Administrative system transformations can occur without fundamentally altering the state-society boundary.

Thus a viable proposition concerning the NWS is that within the enduring framework of the Weberian legal state, or decoupled from it, convergent changes in administrative systems are taking place. The analytic task is to classify the key administrative transformations and explain how they can occur without transforming the enduring character of the national state itself. Indeed, this logic is implicit in the very term “Neo-Weberian State” as Pollitt and Bouckaert use it and in their desiderata for what is “Weberian” and what is “neo”. Those desiderata are so general, however, as to provoke the question as to whether “neo-Weberian” is or is not meant to challenge not only the concept of path dependence but, as well, those theories, of which there are many, that predict it.<sup>9</sup> In other words, does the classification “Neo-Weberian” inevitably imply a competing theory of the state and, if so, what is it?

Aside from this question, the specific question remains as to why Neo-Weberian reforms are or should be assumed to further liberal democracy and, therefore, to be “progressive”. To reach that conclusion, it is necessary to consider and reject the arguments and evidence to the contrary.

## **The State as the Phenomenon to be Explained**

---

The absence of an explanation for why states are evolving as they are – the absence of an attribution of the NWS to specific historical and institutional causes – seems ultimately unsatisfactory, however, without a convincing argument decoupling NWS reforms from the various forms the legal state takes in the NWS group of countries.

One might argue instead, as I suggested in *Public Management: Old and New* (Lynn 2006), that sea changes in administrative systems might have as their cause the triumph of more aggressive forms of global capitalism, of world-flattening technologies, and of competition-based, performance-oriented, tax-minimizing social allocation over more society-centered forms of social allocation. Global capitalism influences administrative elites toward the weakening of command and control bureaucracies and the elimination of distortions in prices and interference in capital and labor mobility. One would expect to see as a concomitant a considerable weakening of elite support for redistributive policies that interfere with capital accumu-

---

8 This seems to be the approach implicitly taken by Temmes (2006).

9 For a discussion of some of those theories, see Lynn (2006: 169–173).



lation and a redistribution of property rights and control of scarcity rents toward private entities.

As I interpret them, Pollitt and Bouckaert's Neo-Weberian State is state-centered (arguably, by definition). Although the "neo" elements refer to citizens' needs, an external orientation, and consultation, these seem to be the accomplishments of administrative elites and "governments" (in the European sense of that term). Implicit in the NWS classification is the influence of global capitalism on administrative elites, on the legal state itself, and, on the authority of the legal state vis-à-vis supra-national entities such as the European Union. This is not to argue that states and supra-state entities are necessarily benign or progressive, however. Critics of global capitalism argue that supra-national organizations and institutions are subverting liberal democratic principles of governance, but contrary views are equally popular.

But what of the "distinctly democratic elements", the society-centered side of neo-Weberianism, with which legitimacy is arguably associated?

## **The Neo-Madisonian (Neo-Pluralist) State**

An alternative causal account of administrative system evolution postulates that resurgent democracy, not the globalization of capitalism, is the dominant influence. Democracy requires the rule of law, the legally-sanctioned regulation of markets, the preservation of equity, and competent bureaucracies subject to control by statute and by judicial institutions: the preservation of a balance between state and society that ensures the legitimacy of administrative arrangements.

The case for ascendant democracy is strong.<sup>10</sup> Jürgen Habermas notes that "even in established democracies, the existing institutions of freedom are no longer above challenge, although here the populations seem to press for more democracy rather than less" (Habermas 1996: xlii). An OECD Ministerial Symposium on the Future of public Services (Allen 1996) produced yet another argument, pointing to pluralism, that

[o]rganized interest groups, long a major factor in American politics, are multiplying in many countries, as longstanding benefit structures are threatened by the demand for public administrative and fiscal reform. In cases where such groups as the elderly or those with vested interests in public pensions become sufficiently mobilized, the opportunities for long-term reform may be severely constrained. This is especially true

---

10 The conflict between global capitalism and national democracy was nowhere more evident than in the United States during the process of deciding on policies to rescue the financial system from its downward spiral in September and October 2008. A thoroughly aroused public refused to support a "bailout" that was perceived to benefit only "the bankers".

when a political leader or his challengers finds large political advantage in playing to such groups.

In general, opportunities for the public to confront the politician have vastly expanded because of new communication technologies, and these confrontations are shaping the transformation of states.

If it is the triumph of democracy that is the story of our time, then, if historical experience is any guide, we should expect to see the administrative state become an even stronger and more indispensable adjunct to competitive nationalism but, as in the past, in highly differentiated forms. Fred Riggs characterizes the current period as “para-modernism,” that is, a necessary confronting of the negative consequences of modernization and of bureaucracy as its instrument (Riggs 1997). In other words, “the elective affinities of the future may be driven not by new technology but rather by political culture” (Ignatieff 2000: 36).

In its narrow, corporate-mimicking manifestations, the managerialism promoted by global capitalism is highly vulnerable to the forces of democracy in significant part because it has lacked democratic legitimacy. “Rarely if ever,” say Roger Wettenhall and Ian Thynne 2002: 7), “have governments consulted their electorates about whether to embark on privatization programs or adopt other elements of NPM-type reforms. Managerialism has generally appealed to political and commercial elites, and has been introduced by them as *faits accomplis* presented to mostly passive publics.” In the same vein, Carsten Greve and Peter Jespersen (1999: 147) argue that “the concepts of citizen, citizens rights and citizen participation are almost non-existent in NPM debates.” Public dissatisfaction with such reforms has in fact led to electoral reversals in a number of countries. The most recent reforms have shifted attention to improved citizen access and participation.

To an American listening in on European discussions, these kinds of speculations resonate. The American state is Madisonian, which is to say, concerned with perfecting institutions that control faction and power on behalf of a “public interest” or in obedience to the “public will”. Accountability is an institutionalized acceptance of the authority of the separation of powers in a Madisonian sense (Bertelli and Lynn 2006). The American administrative state is, therefore, a creature of politics and subordinate to representative and judicial institutions. Social resource allocation is more society-centered than state-centered, governed by a Madisonian, or pluralist, interplay of faction and power ensured by the separation of powers and an elaborate array of checks and balances.<sup>11</sup> Indeed, state-centered theories of the state are less popular in America because of doubts that state actors are capable of acting in a coherent and sustained way on behalf of any policy goal (Ellis 1992).

---

11 As Jeremy Rabkin (1987: 199) summarizes Madisonian logic: “Power is widely distributed [and] ‘ambition’ is ‘made to check ambition’ so there is less need to rely on ‘enlightened statesmen’ and ‘higher motives’.” Wrote John Manley in 1983, “there is little doubt that pluralism is the dominant theory or paradigm of power among American social scientists” (Manley 1983: 368).

Thus the public management reforms of recent decades in the United States, from the presidencies of Jimmy Carter through Reagan, Clinton, and George W. Bush might plausibly be characterized as having further strengthened the state-centered – Americans would say Hamiltonian – elements of a Madisonian republic, thereby reconfirming us as what might be characterized as a neo-Madisonian or, more generally, neo-pluralist state.

Why introduce this idea into a Trans-European Dialogue on the Neo-Weberian State? The reason is that consideration of the extent to which pluralist and societal influences are competing with capital and property to reshape the European legal state seems both theoretically and practically pertinent. Insofar as the NWS has a dark side comprising self-aggrandizing, anti-democratic elements, the tendencies toward public-regarding and pluralist politics are strengthened.

## **The Neo-Weberian Intellectual Challenge**

The concept of a Neo-Weberian State in the Pollitt-Bouckaert sense presents interesting opportunities for both policy and theoretical consideration. Questions deserving attention include these:

- To what exogenous influences, if any, do the trajectories of public management reform in these states seem to be responding?
- Do reforms appear to reflect, on balance, the strength of those interests furthered by the globalization of capitalism or the assertion of possibly contrary societal interests?
- If societal influences are increasingly influential, does that mean that the capacity for coherent state action is weakening?
- Has the cumulative effect of global forces for change in the institutions of governance undermined the validity of path dependence as an explanation for the evolution of national administrative institutions?
- Or are we witnessing instead the mimetic isomorphism of reform ideas among the administrative elites of countries with hospitable institutional environments, nothing more?

With regard to the latter proposition, the editors of *The Oxford Handbook of Public Management* argued that “each country makes its own translation or adaptation” of its core ideas owing to differences in constitutions, institutions, administrative cultures and economic circumstances (Ferlie, Lynn and Pollitt 2005: 721). Despite the convergent rhetoric of managerialism, public management reform arguably remains primarily a national (and constitutional) matter (König 1997, Rohr 2002). Jos Raadschelders and Theo Toonen (1999: 60) argue that European public management reforms illustrate “how more or less uniform challenges may result in

rather different responses and solutions” and thus in considerable national variation. The post-World War II expansion of European welfare states, they argue, has been redirected, not terminated. (Vincent Wright [1994] similarly noted that many states seek to modernize their states, not denigrate and dismantle them.) They continue (1999: 61):

Public sector reforms generally leave the existing state and administrative institutional structure intact. They do not, and probably cannot, fundamentally alter the constitutional principles upon which the welfare state could be built. In a globalizing world governmental response to social change will resort to familiar avenues until the citizenry decides it is time for fundamental changes. And only then the functions of the state rather than its tools will be subject to evaluation.

This proposition seems to be underscored by the essays in Walter Kickert’s recently published edited volume, *The Study of Public Management in Europe and the US* (2008): Germany evolves only slowly from its *Rechtsstaat* and corporatist traditions, France combines old and new traditions, albeit in some tension with one another; the emergence of managerialism in Napoleonic Spain is embryonic; and the United Kingdom, the most aggressive NPM reformer, may be breaking ground for a “new public governance” paradigm.

“Toward a Neo-Weberian State” is a stimulating subject not only for a Trans-European Dialogue but for the intellectual agenda of public management reform.

## **What is the “Neo-Weberian State”?<sup>12</sup>**

---

### **Weberian elements**

- Reaffirmation of the state as the main facilitator of solutions to the new problems of globalization, technological change, shifting demographics and environmental threat;
- Reaffirmation of the role of representative democracy (central, regional, and local) as the legitimating elements within the state apparatus;
- Reaffirmation of the role of administrative law – suitably modernized – in preserving the basic principles pertaining to the citizen-state relationship, including equality before the law, legal security, and the availability of specialized legal scrutiny of state actions;
- Preservation of the idea of a public service with a distinctive status, culture, and terms and conditions.

### **“Neo” elements**

- Shift from an internal orientation towards bureaucratic rules towards an external orientation towards meeting citizens’ needs and wishes. The primary route to achieving this is not the employment of market mechanisms (although they may occasionally come in handy) but the creation of a professional culture of quality and service;
- Supplementation (not replacement) of the role of representative democracy by a range of devices for consultation with, and the direct representation of, citizens’ views (this aspect being more visible in the northern European states and Germany at the local level than in Belgium, France or Italy);
- In the management of resources within government, a modernization of the relevant laws to encourage a greater orientation on the achievement of results rather than merely the correct following of procedure. This is expressed partly in a shift to the balance from *ex ante* to *ex post* controls, but not a complete abandonment of the former;
- A professionalization of the public service, so that the ‘bureaucrat’ becomes not simply an expert in the law relevant to his or her sphere of activity, but also a professional manager, oriented to meeting the needs of his or her citizens/users.

---

<sup>12</sup> Source: Pollitt and Bouckaert (2004).

## References

---

- Allen, Jodie T. 1996. Summary of Session Three: Managing for the Future: Seeking Solutions to Long-Range Problems in a World That Demands Immediate Action. Ministerial Symposium on the Future of Public Services, 5–6 March. Paris: OECD.
- Bertelli, Anthony M., and Laurence E. Lynn, Jr. 2006. *Madison's Managers: Public Administration and the Constitution*. Baltimore, MD: Johns Hopkins University Press.
- Brown, Richard Harvey. 1978. Bureaucracy as Praxis: Toward a Political Phenomenology of Formal Organizations. *Administrative Science Quarterly* 23: 365–382.
- Drechsler, Wolfgang. 2005. Post-Autistic Economics. *Review* 33. At <http://www.paecon.net/PAEReview/issue33/Drechsler33.htm> [accessed 12 January 2008]).
- Dunn, William N., and David Y. Miller. 2007. A Critique of the New Public Management and the Neo-Weberian State: Advancing a Critical Theory of Administrative Reform. *Public Organization Review* 7: 345–358.
- Ellis, Richard J. 1992. Pluralist Political Science & “The State”: Distinguishing between Autonomy & Coherence. *Polity* 24: 569–589.
- Ferlie, Ewan, Laurence E. Lynn, Jr., and Christopher Pollitt. 2005. *The Oxford Handbook of Public Management*. New York and London: Oxford University Press.
- Fombrun, Charles J. 1986. Structural Dynamics within and between Organizations. *Administrative Science Quarterly* 31: 403–421.
- Greve, Carsten, and Peter Kragh Jespersen. 1999. New Public Management and its Critics: Alternative Roads to Flexible Service Delivery to Citizens? In *Citizens and the New Governance: Beyond New Public Management*: 143–156. Edited by Luc Rouban. Amsterdam: IOS Press.
- Habermas, J. 1996. *Between Facts and Norms: Contributions to a Discourse Theory of Law and Democracy*. Cambridge, MA: The MIT Press.
- Hinings, C. R., and Royston Greenwood. 2002. Disconnects and Consequences in Organization Theory? *Administrative Science Quarterly* 47: 411–421.
- Ignatieff, M. 2000. The Man Who Was Right. *New York Review of Books* 47/5: 35–37.
- Kettl, Donald F. 2006. Modernising Government: The Way Forward – a Comment. *International Review of Administrative Sciences* 72: 313–317.
- Kickert, Walter. 2008. *The Study of Public Management in Europe and the US: A Comparative Analysis of National Distinctiveness*. London and New York: Routledge.
- König, Klaus. 1997. Entrepreneurial Management or Executive Administration: The Perspective of Classical Public Administration. In *Public Management and*

*Administrative Reform in Western Europe*: 213–32. Edited by Walter J. M. Kickert. Cheltenham, UK: Edward Elgar.

Lynn, Laurence E., Jr. 2006. *Public Management: Old and New*. London: Routledge.

Lynn, Laurence E., Jr. 2007. The Art of Governance in the 21<sup>st</sup> Century. IRSPM Newsletter 3: 8–13.

Manley, John F. 1983. Neo-Pluralism: A Class Analysis of Pluralism I and Pluralism II. *American Political Science Review* 77: 368–383.

Mann, Michael. 1986. *The Sources of Social Sower*, Vol. I. Cambridge: Cambridge University Press.

Mitchell, Timothy. 1991. The Limits of the State: Beyond Statist Approaches and Their Critics. *The American Political Science Review* 85: 77–96.

Nordlinger, Eric. 1988. The Return to the State: Critiques. *American Political Science Review* 82: 875–885.

North, Douglass C. 1990. *Institutions, Institutional Change, and Economic Performance*, New York: Cambridge University Press.

Pollitt, Christopher. 2000. Is the Emperor in his Underwear? An Analysis of the Impacts of Public Management Reform. *Public Management* 2: 181–199.

Pollitt, Christopher. 2006. Modernising Government: A Symposium, Editor's Introduction. *International Review of Administrative Sciences* 72: 307–308.

Pollitt, Christopher, and Geert Bouckaert. 2004. *Public Management Reform: A Comparative Analysis*. 2<sup>nd</sup> ed. Oxford: Oxford University Press.

Olsen, Johan P. 2006. Maybe It Is Time to Rediscover Bureaucracy. *Journal of Public Administration Research and Theory* 16: 1–24.

Rabkin, Jeremy. 1987. Bureaucratic Idealism and Executive Power: A Perspective on The Federalist's View of Public Administration. In *Saving the Revolution: The Federalist Papers and the American Founding*: 185–202. Edited by Charles R. Kesler. New York: Free Press.

Riggs, Fred W. 1997. Modernity and Bureaucracy. *Public Administration Review* 57: 347–353.

Rohr, John. 2002. *Civil Servants and Their Constitutions*. Lawrence, KS: University Press of Kansas.

Schulman, Jason. 2003. Bringing the Capitalist State Back In. *Radical Society* 30: 83–86.

Seabrooke, Leonard. 2002. Bringing Legitimacy back into Neo-Weberian State Theory and International Relations. Canberra: Australian National University, Department of International Relations, Working Paper 2002/6.

Temmes, Markku. 2006. The Horizontal Tasks of the Government. At: <http://unpan1.un.org/intradoc/groups/public/documents/NISPAcee/UNPAN025548.pdf> (accessed 12 January 2008).

Wettenhall, Roger, and Ian Thynne. 2002. Public Enterprise and Privatization in a new Century: Evolving Patterns of Governance and Public Management. *Public Finance and Management* 2: 1–24.



# Evaluating Administrative Modernization in German Local Governments: Success or Failure of the “New Steering Model”?

*Sabine Kuhlmann<sup>1</sup>, Jörg Bogumil<sup>2</sup> and Stephan Grohs<sup>3</sup>*

The German version of New Public Management, the so-called New Steering Model (NSM), was inspired by local government modernization in the Netherlands, more precisely by the city of Tilburg (see Banner 1991; Hendriks and Tops 1999; Reichard 2003). Pushed ahead by the KGSt,<sup>4</sup> the New Steering Model spread through the German local landscape like a bushfire (Banner 2006a; Reichard 1994; Wollmann 2003a). It very quickly became the predominant template for public sector modernization, not only at the local but – although hesitatingly – also at the *Länder* level and – to some extent – at the federal level of government (see Jann 2003; Jann and Reichard 2003). Contrary to other European countries, public management reforms in Germany must be understood in terms of a bottom-up movement that has been driven primarily by local “entrepreneurs,” whereas the federal and most of the *Länder* governments have for a long time been reluctant to implement these reforms (see Klages and Löffler 1996: 134–136).

However, research on the effects and impacts of these reform initiatives has largely been missing so far. Empirical studies on the issue have been primarily concerned with the implementation process and the institutional changes caused by modernization efforts (see Banner 2006a: 129). Yet the question of how these new institutional structures and steering instruments are actually influencing administrative performance, decision making, and behavior remains understudied, as sys-

---

1 Visiting professor at the Berlin Graduate School of Social Sciences, Humboldt-University of Berlin, Germany.

2 Professor of political science and chair of comparative urban and regional politics at Ruhr-University of Bochum, Germany.

3 Research associate at the unit of comparative urban and regional politics at Ruhr-University of Bochum, Germany.

4 The KGSt (Local Governments’ Joint Agency for Municipal Management) is a nonprofit think tank, mainly funded by municipalities, with a long and excellent record in consulting with local authorities on administrative and organizational matters. In the 1990s, the KGSt was the main driving force of NPM/NSM modernization at the local level in Germany.

tematic and nationwide evaluations of the NSM reform agenda in Germany are lacking. The findings presented here will provide empirical evidence for these evaluative questions, drawing on a broad database that was obtained from a research project conducted by the authors between 2004 and 2006.<sup>5</sup> The objective is to assess and explain the results and impacts of local public management reforms after more than 10 years of modernization in Germany.

Compared to the international reform movement, the NPM agenda was taken up relatively late in Germany (Reichard 2003: 349; Wollmann 2000: 923–925), which stands in contrast not only to the Anglo-Saxon world (see Halligan 2003; Hood 1991) but also to other Continental European countries, such as France (Kuhlmann 2008; Wollmann 2004). Only with the increasing budgetary and economic problems at the beginning of the 1990s could the managerial model of the NSM gain a foothold, not least following a broad diffusion campaign by the KGSt (Banner 2006a: 127–129; Wollmann 2001: 160–162). It promised more efficiency, effectiveness and customer orientation. At the same time, the NSM forwent discussion of outsourcing and privatization, which had noticeably improved the cognitive preconditions for a political reform consensus. Without going into the details, the main elements of the NSM are shown in figure 1. They constitute the conceptual framework of the evaluation pursued here.

## Theory and Design of the NSM Evaluation

---

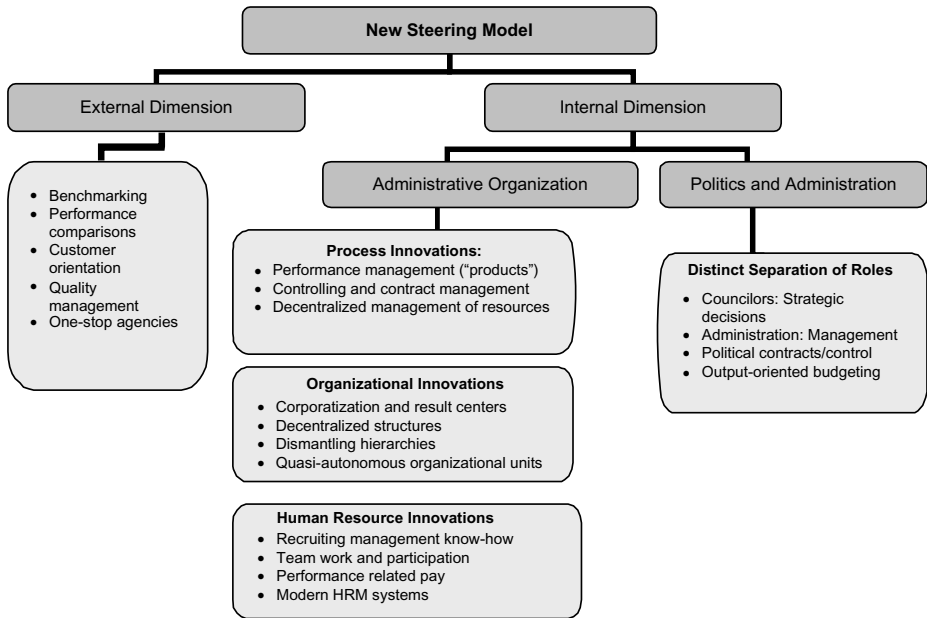
Administrative reform is conceived of here as a deliberate change of organizational structures and procedures in public administrations aimed at redrawing the “institutional logistics” of public policy making. This particular type of public policy, which has also been referred to as “polity policy” (see Wollmann 2003b: 4), causes specific steering problems.<sup>6</sup> Consequently, the evaluation of “polity policy” is – in contrast to that of (“normal”) sectoral policies – characterized by an even more complex analytical architecture (Pollitt and Bouckaert 2003: 12–14). First, changes within the politico-administrative system must be analyzed (institutional evaluation). Then, the consequences of these institutional changes on the effectiveness and performance of public administration have to be considered (performance evaluation). In a third step, the more remote impacts outside the politico-administrative

---

5 The research project was financed by the Hans Boeckler Foundation (Germany) and jointly conducted by the German universities of Constance and Bochum (Jörg Bogumil, project leader, Stephan Grohs and Anna K. Ohm), Potsdam (Werner Jann and Christoph Reichard), Marburg (Leo Kießler) and Berlin (Sabine Kuhlmann, Hellmut Wollmann). A more detailed (German language) report on the project findings can be found in Bogumil et al. (2007).

6 To name just some of them: Subjects and objects of the intervention are often identical; the major intervention goals are changes *within* the politico-administrative system; discourses can be more important than reform practice and actual implementation (see Jann 2001: 330–331).

**Figure 1**  
The New Steering Model



Source: Adapted from Kuhlmann (2008: 37).

system (outcome evaluation) have to be examined.<sup>7</sup> Finally, the “why” question has to be raised in order to explain the variation in implementation and effects of different reform initiatives.

In our study, we applied a two-step model of reform evaluation drawing on Wollmann (2003b: 5; see also Kuhlmann 2004). In the first step, we examined the implementation of NSM-related reform measures with regard to organizational, procedural and instrumental changes. The objective of the second step of evaluation was to find out how these institutional and instrumental changes have affected the performance of local authorities in terms of cost savings, efficiency, service quality and process improvements. We also assessed the effects of NSM modernization on political steering capacities and on staff motivation in order to reveal whether a more general system change has occurred. An important part of our study deals with the causal explanation of varying degrees of change (Bogumil et al. 2007: 97–120). Drawing on the “new institutionalism” in political science, we make a distinction

<sup>7</sup> We left aside here this latter dimension of reform evaluation, because on the one hand changes in the outcome dimension have virtually not been envisaged by the NSM. On the other hand, due to a large number of intervening factors, there are huge problems of causality when precisely attributing outcome data (such as decreasing unemployment rates etc.) to specific reform measures.

between two sets of explanatory factors: *exogenous* and *endogenous* ones. Considering exogenous factors, variance in NSM modernization should depend on different regional socioeconomic and fiscal circumstances, but also on the scale of municipalities determining their position in the interregional and interlocal competition. This assumption gets support from the pertinent literature on local government reforms in Germany (Bogumil 2002a; Holtkamp 2000; Kuhlmann and Wegrich 2001; Maaß 2002; Wollmann et al. 1985).

In the following, we single out three variables that can be considered influential exogenous explanatory factors: (1) the size of the municipality, (2) its regional location in East or West Germany and (3) its budgetary situation. The theory can be put forward that NSM implementation will be most advanced in middle-sized local governments because, on the one hand, these will have enough slack for NSM modernization and for adopting the relevant reform measures (e.g., decentralization). On the other hand, their bureaucratic apparatuses are still flexible enough to achieve institutional changes in a smooth manner, contrary to the very big cities. We expect, furthermore, that NSM initiatives will be more advanced in the western parts of Germany than in the eastern part because East German administrations are still absorbed by institutional transformation and rebuilding of the Weberian bureaucracy, whereas West German actors have more slack and competencies for NSM reform. Finally, yet importantly, more advanced NSM approaches are likely to be found in local governments that suffer most from the budgetary crises forcing them to initiate reforms.

Referring to the available actor-oriented studies on public sector modernization (see Banner 2006b: 254; Kißler, Graf and Wiechmann 2000; Naschold and Bogumil 2000: 225), we single out four endogenous factors that are considered relevant for explaining reform activity: (1) the existence of a local reform coalition, (2) party political constellations (indicated by the party affiliation of the mayor and chief executive officer), (3) internal management of reform processes (working groups, full-time project managers); and (4) the participation of employees in the reform process.

With respect to the complexity and multicausality of such an evaluation, three sources of analysis were combined:

1. We extensively exploited the available literature written in the past decade on NSM reform matters, in particular current research reports, survey results and other empirical studies;
2. From the end of January to June 2005, a nationwide survey of 1,565 German local governments was undertaken, including all municipalities with more than 20,000 inhabitants, three-quarters of municipalities with 10,000–20,000 inhab-

itants (without regional bias) and two-thirds of the German counties.<sup>8</sup> As local actors have different attitudes and strategic interests vis-à-vis the reform issues, a multiperspective approach was taken (see Enticott 2004), including the opinions of mayors and county chief executives, staff council chairs, heads of local building supervisory boards and heads of youth welfare service boards. The response rate after two follow-ups was between 42 percent and 55 percent, which can be considered very satisfying;

3. With respect to the well-known methodological problems of quantitative research, which are even more serious in public sector reform evaluations, the survey findings were combined with additional qualitative data obtained from in-depth case studies in four German cities.<sup>9</sup>

## **Implementation of the “New Steering Model”**

---

### **Overall Assessment**

The German local authorities have noticeably promoted the modernization of their administrations in the past 10 years, as the survey results clearly show. Some 92.4 percent of the responding authorities stated that measures to modernize the administration have taken place since the 1990s, and an overwhelming majority (82.4 percent) of German municipalities refer to the NSM as their reference model of modernization. Overall, there can be no doubt that the NSM has become the major template for local government modernization in Germany. Its discursive predominance is thus indisputable (see table 1).

A differential picture arises, however, when considering actual implementation practice. On the one hand, German municipalities are only partially guided by the NSM when implementing concrete reform projects. More than 65 percent of municipalities pick only some selected elements of the NSM, whereas only a minority have organized reform activities around the entire concept of the NSM (16.1 percent). On the other hand, contrasting reform discourses with actual implementation of the NSM, a considerable gap between “talk” and “action” (see Brunsson 1989) becomes apparent. Having a look at some of the most important elements of the NSM (see figure 1), we observe that after 10 years of reform, there is not a single element that has been implemented by a majority of German municipalities (see table 2). Nationwide, some 22 communes (2.5 percent) could be referred to as

---

8 The three city-states (Berlin, Bremen, Hamburg) are excluded from the study because of their specific constitutional status.

9 At their own request, the four cities will hereafter be treated anonymously: city of T in North Rhine-Westphalia, city of L in North Rhine-Westphalia, city of N in Mecklenburg-Western Pomerania and city of R in Baden-Wurtemberg. They have populations between 60,000 and 300,000.

“NSM hard-liners,” as they have completed seven crucial NSM components.<sup>10</sup> Accordingly, the implementation of the NSM agenda is, in fact, rather limited and has not advanced further so far, which indicates at least its partial failure in Germany.<sup>11</sup>

**Table 1**  
Discursive Predominance of the NSM as a Reform Concept

<b>Reform Activities/ Concepts of German Local Governments</b>	<b>County- Free Cities<sup>12</sup></b>	<b>Muni- cipalities</b>	<b>Coun- ties</b>	<b>East Ger- many</b>	<b>West Ger- many</b>	<b>Total</b>
All Reform Measures (NSM and other) <sup>13</sup>	97.6 % (80)	91.0 % (579)	95.4 % (145)	93.5 % (116)	92.2 % (688)	92.4 % (804)
<i>Thereunder: Comprehensively NSM guided<sup>14</sup></i>	27.2 % (22)	14.7 % (85)	15.9 % (23)	10.3 % (12)	17.1 % (118)	<b>14.9 % (130)</b>
Thereunder: Partly NSM oriented	65.4 % (53)	64.3 % (373)	74.5 % (108)	63.8 % (74)	66.7 % (461)	<b>66.3 % (535)</b>
No reform measures	2.4 % (2)	9.0 % (57)	4.6 % (7)	6.5 % (8)	7.7 % (58)	7.6 % (66)
Total	82	636	152	124	746	870

Source: Bogumil et al. (2007: 38).

### Transforming the Weberian Bureaucracy?

Largely inspired by the international NPM reform agenda, the German NSM aimed at transforming the “classical-bureaucratic” (Weberian) administration into an entrepreneurial, flexible and better-performing organization with a predominant focus on output-oriented management, budgeting and controlling, as well as on decentralized, accountable and customer-oriented units of service delivery. According to this vision of reform, typical elements of the Weberian structures and bureaucratic processes at the municipal level were to be dismantled or at least complemented by managerial instruments. It claimed, for instance, to abolish steep hierarchies, to

10 These seven components are strategic controlling, internal service centers, decentralized management of resources, new budgeting procedures, output analyses/definition of “products,” political contracts and administrative service contracts.

11 The NSM implementation ratio would be even lower if one included local governments that did not respond to the questionnaire, mainly because they are declared non-NSM reformers. Accordingly, the assessment would still be worse.

12 The German system of local government is for the most part a two-tier model, with municipalities (*Kreisangehörige Städte und Gemeinden*) on the lower level and counties (*Kreise*) on the higher level. Bigger cities are exempt from this two-tier model and unite the functions of both levels. They are called “county-free cities” (*Kreisfreie Städte*).

13 Question: “Have reform measures been undertaken in your administration since 1990, or are such measures currently undertaken?” (yes/no).

14 Question: “If reform measures have been undertaken: have they been guided by the New Steering Model (NSM) of the KGSt?” (Yes, comprehensively NSM guided/Yes, partially NSM guided/No).

**Table 2**  
Implementation of NSM Elements

<b>NSM Elements</b>	<b>Entirely Implemented (n = 870 mayors)</b>
New department structures	43.6 %
Strategic steering units	25.9 %
Decentralized/operative controlling units	10.9 %
Internal service centers	23.9 %
Abolishing levels of hierarchy	34.5 %
Decentralized management of resources	33.1 %
New budgeting procedures	33.1 %
Output analyses (definition of "products")	29.0 %
Cost and activity accounting	12.7 %
Reporting	22.1 %
Contracts between top management and services	24.3 %
Contracts between politics and administration	14.8 %
Quality management	13.9 %
One-stop agencies ( <i>Bürgerämter</i> )	57.5 %
Customer surveys	54.7 %
Citizens' charters/service guarantees	7.1 %

n = 870 mayors/chief executive officers of the counties (*Landräte*).

Source: Adapted from Bogumil et al. (2007: 40).

reintegrate "overspecialized" and "atomized" service structures and to complement the traditional legality principle by performance management and legal correctness by output quality. The institutional separation of policy responsibilities, on the one hand, and resource management, on the other, was to be abolished. The powerful centralized units that discharged the management of resources (finances, personnel, organization) were to be converted into "lean," performance-oriented internal service providers. The ultimate goal was to eradicate what has been labeled "organized unaccountability" (Banner 1991: 6) and to shift to a "local service enterprise" with flexible, decentralized organizational units and a strong emphasis on performance (Banner 2006a: 127).

Regarding these objectives, the survey reveals, again, the partial failure of the reform. Resource responsibilities have been transferred to decentralized units in around 33 percent of the surveyed authorities. This step has often been accompanied by the dismantling of levels of hierarchy, which has been the case in 34.5 percent of the municipalities. For the interpretation of these data, however, it must be taken into consideration that the scale and scope of the responsibility transfers are often very limited.

With regard to the fiscal problems of German local governments, it can come as no surprise that one of the most attractive reform instruments was the introduction of new budgeting procedures, which were to trigger a transition from traditional cash accounting to a resource-based accrual accounting system (for details, see Banner 2006a: 127; Reichard and Bals 2002). The survey results show that new budgeting systems have been introduced in 33.1 percent of the municipalities; in a further 34.4 percent, they have been implemented in some selected service units. However, in most cases, a pure input-oriented method of budgeting has been pursued, and in only 15.7 percent of the budgeting cases have measurable objectives and performance targets been defined. Only a very small minority of German local governments are thus practicing output-oriented budgeting. In addition, because of local austerity policies, barely any room for maneuver exists in the decentralized management of resources. Instead of expanding service units' scope of action, rigid central budgeting guidelines are fixed, which conspicuously strengthens the top-down logic of resource management.

The traditional German approach to performance management in the public sector was the so-called *Produktansatz* (see Banner 2006a: 129; Reichard 2003). According to this approach (likewise pushed ahead by the KGSt), local governments had to register, list and analyze the services and "outputs" they delivered, which were considered and labeled in an entrepreneurial sense as "products" (*Produkte*). According to the survey, 29.0 percent of the municipalities have defined "products" throughout their administrations or at least in some organizational units (9.9 percent). Yet considering the earlier enthusiasm for the result-orientated reform activities, "product management," and performance measurement in the mid-1990s, the implementation ratio after more than 10 years is not overwhelmingly high. This is not least attributable to the fact that the German "product concept" was criticized for its "typically 'Teutonic' quest for perfectionism" (Reichard 1998). The attempts of numerous German administrations to elaborate detailed and overly complex "catalogues of products" with more than a thousand performance indicators tended to establish a new "product bureaucracy" instead of shifting to a more flexible system of performance management.

Against this background, it is not astonishing that the "catalogues of products" elaborated and implemented with high expenses are rarely used for actual steering and decision making. Instead, a substantial proportion of the municipalities (between 33 percent and 66 percent, depending on the presumed kind of use) that have defined "products" use these neither for the determination of budgets nor for budget negotiations or the reorganization of administrative processes. Other fields of potential utilization, such as intermunicipal performance comparisons, performance contracts, or market testing activities, too, are conspicuously underdeveloped. Even more striking, 14.2 percent of local governments that have elaborated "catalogues of products" do not use them for any purpose at all. Thus, the question



arises whether the considerable outlay for the preparation of these “product catalogues” can be justified.

### **Separating Politics and Administration?**

In the German local government system, the relations between councilors and administrative managers have traditionally been interwoven and interlocked. This mixing up of political and administrative functions and roles was considered inefficient and ineffective with regard to political decision making, on the one hand, and administrative management, on the other. Accordingly, a more clear-cut separation of roles and functions was required, allocating strategic decisions clearly to the council, whereas implementation and management should fall exclusively with the administration. In order to enhance the local council’s steering and decision-making capacities, it was also envisaged to establish a comprehensive system of strategic and political control, including precisely defined performance indicators, which should make political goal attainment and administrative task fulfillment transparent and measurable.

Considering the respondents’ ranking of modernization goals, the reshaping of roles between the council and the administration is clearly the least important reform issue. In all, 29.7 percent of the municipalities indicated that they deal with this topic at all; looking at the implementation side, the record looks even more modest. Thus, contract management between local council and administration has been established in only 14.8 percent of the polled local authorities. Furthermore, these few “political contracts” rarely operate with precise indicators or measurable performance targets. According to the survey, only 22.1 percent of German local governments have introduced a reporting and monitoring system for the councils, which could serve as an instrument of result-oriented political control. Overall, these findings reveal that the envisaged relationship between politics and administration is by far the most neglected and avoided element of the NSM reform.

### **The Citizen as Customer?**

Besides the internal reorganization of institutional structures and the shift from legalist, rule-oriented steering to performance management, the NSM has proclaimed a new relationship between local authorities and citizens, who were now to be acknowledged and treated as customers. Accordingly, many modernization projects (57 percent of the cases<sup>15</sup>) were directed at creating local one-stop agencies (*Bürgerämter*) in order to provide “single-window access” to customers. Furthermore, local service provision was often territorially deconcentrated (40 percent), seeking to offer easier access and bring local government services closer to citizens. Another component of customer-oriented reforms consists of process innovations

---

<sup>15</sup> The share of cities with more than 50,000 inhabitants that have created one-stop agencies (*Bürgerämter*) amounts to 80 percent.

aimed at reducing administrative processing time, enhancing internal coordination and improving consultancy for citizens. As part of these reforms, a vast majority of German local authorities have extended their office hours (74.5 percent). Many have conducted customer and citizen surveys (54.7 percent), and some have introduced complaint management systems (*Beschwerdemanagement*, 29.9 percent) or quality management processes (13.9 percent). Overall, the reform steps toward strengthening customer orientation can be considered the most successful modernization measures.

## **Explaining NSM Variation**

---

The in-depth analysis of our statistical data reveals some interesting relations between the application of NSM and the above-mentioned exogenous and endogenous explanatory factors (for more details, see Bogumil et al. 2007: 97–120, 306–14; see the appendix for a multivariate analysis). Contrary to the common hypothesis that fiscal pressures drive NSM reform activities in the German cities, our findings do not support such a causal link. The budgetary situation does not explain the degree of NSM modernization, as our data do not reveal any significant relation between fiscal pressures and modernization intensity. The second hypothesis according to which NSM implementation varies with scale can, however, be confirmed by our data set, although the expected middle-size bias of reform activity did not hold true. From our findings, we can draw the conclusion that the bigger the city, the more advanced its NSM modernization will be. The East-West factor, too, turned out to be significant: West German local governments clearly show more NSM commitment than do East German ones, which can primarily be explained by the different “starting conditions” of reforms in the two parts of the country. These findings apply to the city level as well as to the county level of local government, with the only exception that customer-oriented approaches are – because of different tasks – less widespread at county level.

Referring to our actor-oriented approach to NSM explanation, which postulates that endogenous variables account for reform variation, our study shows that parties do not matter. There is no significant relationship between party majorities in the local council or the party affiliation of the mayor, on the one hand, and NSM reform intensity, on the other. Consequently, the party political hypothesis must be rejected according to our findings. There are, however, two important endogenous factors supporting the actor-oriented model of explanation. First, NSM commitment in German local governments significantly depends on the participation of employees in the reform process and on the existence of a broad reform coalition. Second, the internal management of the reform process and the institutional infrastructure for reform implementation within local governments are most salient factors for the intensity of NSM modernization. Particularly in cities where project management is located outside the administrative hierarchy, where clear competen-

cies of reform management are defined, and where full-time NSM project managers are employed, the reform initiatives have turned out to be most advanced.

To sum up, our findings do not give much support to the hypothesis that fiscal constraints explain modernization efforts. They do, however, confirm the assumption that scale matters, and that the pressures of the East German transformation still largely account for an East-West variance in reform activities. Although political parties do not explain variation in German NSM initiatives, actor-related factors – above all, local reform coalitions, institutional support for internal reform management and the participation of staff members in the modernization process – turn out to be the most significant endogenous explanatory factors in modernization intensity and NSM commitment in Germany.

## **Assessing the Performance Impacts of the NSM Modernization**

In order to analyze the effects of NSM modernization on actual decision making, administrative behavior and performance, we draw on a typology developed by Pollitt and Bouckaert in their international evaluation of NPM reforms (Pollitt and Bouckaert 2004). According to this typology, the following three dimensions of performance effects can be distinguished:<sup>16</sup>

- Input changes (savings, efficiency gains);
- Output and process changes (service quality, processing time, customer satisfaction, responsiveness);
- System and cultural changes (political control, steering capacities, employees' "cognitive frames").

### **Input Changes: Savings and Efficiency**

Concerning the dimension of "input effects," there is some evidence of success and improvement. According to the surveyed mayors and staff councils, the decentralized management of resources has proved to be a major stimulus for more cost- and efficiency-oriented behavior among staff members. Even more remarkably, a majority of respondents stated that actual savings had been achieved (figure 2).

In order to assess the amount of savings actually achieved (not just officially proclaimed), we must take into account further empirical findings. The survey shows that in the central service units of the local authorities (departments of finances, personnel, organization), hardly any cutbacks (and thus savings) occurred that one could have expected from the more decentralized management of resources (see figure 2). The findings of the case studies confirm this theory. In the city of

---

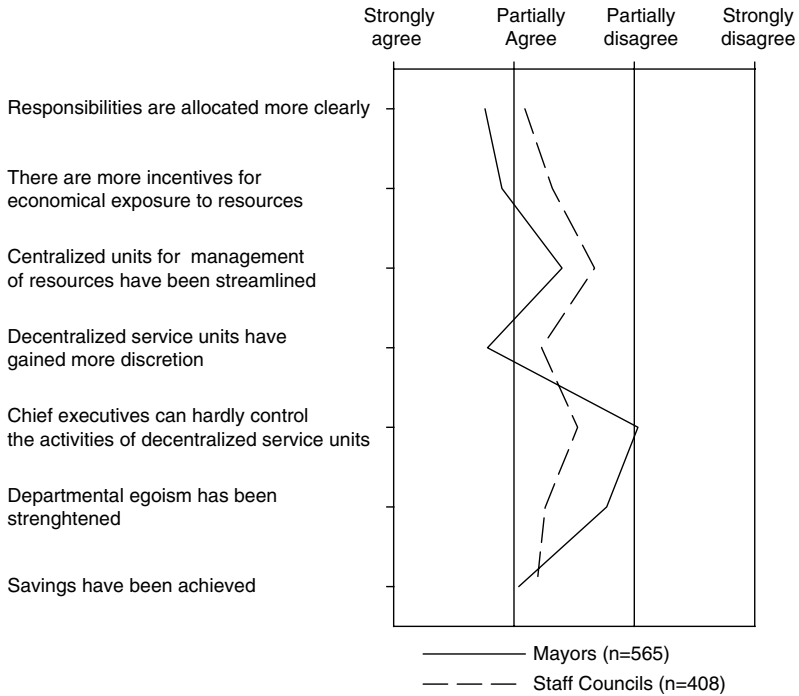
16 We leave aside here the category of "productivity" and do not refer to the relation between input, output and system change in this article (for empirical evidence concerning this question, see Bogumil et al. 2007: 83–96, 290–306).

T, for instance, NSM-related staff reductions effectively did not happen; rather, it can be noted that, because of decentralized resource management, staff numbers in the departments increased, without the same proportion (or, as must be expected, by a higher proportion) of the central service and management units being disburdened. Besides, the departments did not base their annual budget planning on the actual figures reached in the previous reporting period but rather on previous budget plans and forecasts, even when these plans were repeatedly undershot. Through the “incentive system,” according to which budget undershooting was interpreted as a result of “good management” that had to be rewarded, the departments that “planned high” and spent less benefited the most.

For a realistic impact assessment, the additional costs of NSM implementation and the “transaction costs” that occur within the decentralized administration must likewise be taken into account (see Kuhlmann and Wollmann 2006). The surveyed local authorities have not only invested considerable time and personnel expenditures in the conception and implementation of NSM reform elements – in “product catalogues,” on average, 14.8 months of one full-time position – without the steering capacities improved so far. In addition, continuing costs, which occur for the long-term maintenance, adjustment, correction and even elimination of reform elements, need to be considered. Therefore, the East German city of N has in the meantime cancelled all NSM measures, primarily for time and cost reasons.

Overall, management successes and cost savings, which have hastily been proclaimed as results of the NSM reform by some of its protagonists, must be handled with caution. Savings in personnel and outlays can hardly be attributed to the NSM reform, as they were paralleled by “classical” cutback policies and top-down imposed staff reductions, which do not flow from the NSM reform. Indeed, some limited gains in efficiency could be detected. Yet, considering the costs of the reforms and the aforementioned negative effects of some management instruments, NSM modernization has not helped German local authorities solve their fiscal problems substantially and relieve their financial burdens. By contrast, in certain cases, it appears more likely that the now decentralized management of resources accompanied by opaque budgeting procedures, generous rewards for (supposed) “good management,” and lack of central controlling systems has furthered the maximization of budgets and made local expenditures increase even more.

**Figure 2**  
**Effects of Decentralized Resource Management**  
**in German Local Authorities (Means)<sup>17</sup>**



Source: Adapted from Bogumil et al. (2007: 66).

### Output Changes: Quality and Process Improvements

With respect to the performance dimension of “output changes,” some obvious improvements can be noted. A vast majority of the respondents reported that the customer orientation within their authorities had increased (95 percent), service quality had improved (95 percent), the quality of citizens’ consultancy had been enhanced (85 percent), waiting times had been cut (90 percent), and processing times had been reduced (50 percent).<sup>18</sup> Altogether, the surveyed actors consider both the strengthening of customer orientation and the accelerated licensing proc-

17 Chief executive officers of the counties (Landräte) included; means of a scale from 1 (strongly agree) to 4 (strongly disagree). Only local governments with decentralized resource management are included. Question: “If decentralized resource management has been implemented in your administration: How do you assess the impact? Do you agree with the following statements?”

18 Answers “strongly agree” and “partially agree” are pooled in this section.

ess real successes of their modernization efforts. These findings are consistent with those drawn from the case studies. In the four cities under consideration, verifiable improvements in service delivery could be observed, particularly in those departments with direct and frequent contact with customers. The one-stop agencies (*Bürgerämter*) merit particular attention because they are regarded as attractive “business cards” of many German cities. Without exception, all interviewees assessed the *Bürgerämter* as one of the most “successful” reform examples. Further positive examples can be found in the various fields of local service provision, such as the issuance of building permits or the delivery of youth welfare services. Thus far, there is undoubtedly a link between the NSM reform and the achieved output improvements.

### **System Change: Steering Capacities and Staff Satisfaction**

In order to assess system change, we scrutinize three aspects of the local government system: administrative steering (within the local administration), political steering (on the part of the local councilors) and staff motivation and satisfaction.

#### *Administrative steering*

Resulting from the NSM reform, information and “institutional knowledge” about performance, costs and “products” have been extended significantly. Accordingly, the institutional and procedural framework for more output-oriented steering and evidence-based decision making in German local administrations is much better today than it was a decade ago. Nearly 94 percent reported that the information basis on cost developments has been improved. These positive assessments notwithstanding, they do not inform on whether the new management instruments and information systems are actually applied for better decision making and steering. Our case study findings help to answer this question of “knowledge utilization” in practice and reveal a rather negative picture. In the city of T, the new reporting and monitoring systems have not become effective instruments of steering, nor have they triggered the proclaimed transition from “classical” legalistic, rule-oriented steering to output orientation and performance management. Many local officials criticize the performance reports as being too extensive and too time-consuming. From their points of view, they do not contain information relevant to decision making, steering and management. The administrators’ willingness to read the reports and to use them for “evidence-based” management is rather limited.

*Reporting here is an indicator of the catastrophic implementation of the NSM.... The leading officials of this city have consistently neglected for many years to even read the reports. And if the reports are not read, then the quality of the reporting consequently diminishes further and further. (Controller of the city of T, 19 August 2004)*

Furthermore, when comparing the percentage of local governments that have introduced a central controlling unit (38.3 percent) with the percentage of local governments that have decentralized the responsibility for the management of resources (59.3 percent), a considerable “control gap” becomes apparent. In more than one fifth of the cases, it is not clear how the decentralized units feed back to the central city management. Against this background, particularly in advanced NSM cities with a conspicuously decentralized administration, awkward centrifugal forces have occurred. In the city of T, it is noted that the departments have a (quasi-autonomous) independent existence, and it is nearly impossible to control and steer them from above. These constellations do not only incur considerable costs but also produce “gray zones,” which enhance the risk of corruption and of taking personal advantage.

*We do not have this relationship between centralized and decentralized management under control – with really absurd consequences. (Controller of the city of T, 19 August 2004)*

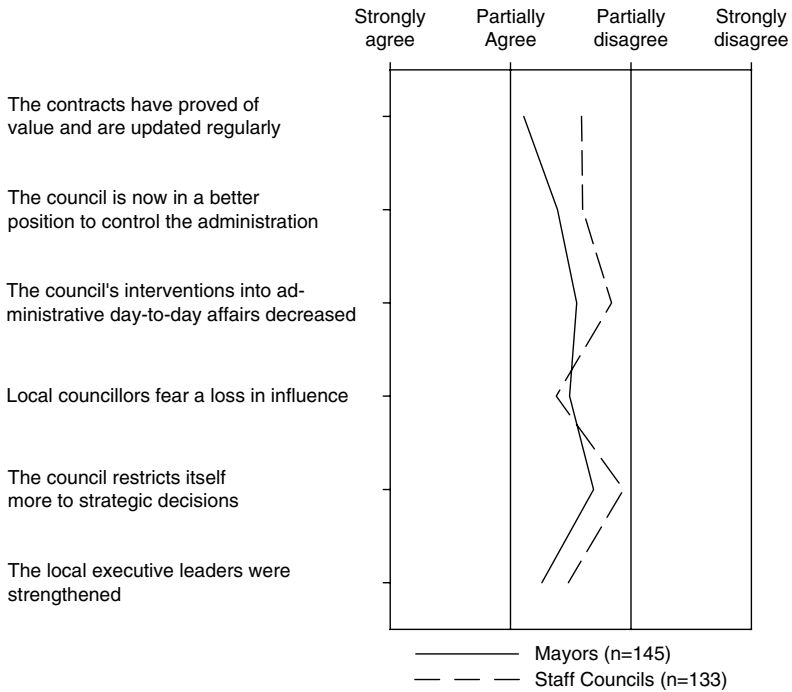
### *Political steering*

The impacts of NSM modernization on political steering capacities are mirrored, among other things, in how politics and administration deal with political contracts, as far as these are implemented, which only applies to 14.8 percent of the German municipalities. When asked about the effects of political contract management, the mayors of these local authorities verified neither that the councilors confine themselves to strategic decision making or steering “at arm’s length,” nor do they confirm that political interventions in administrative day-to-day business have decreased. Likewise, the political control function of the local council was not noticeably strengthened by contract management, as only 54.5 percent of the mayors believe that an improvement has occurred. In addition, a mere 1.9 percent of the respondents strongly supported the assessment that “the strategic steering capacities of the local council has increased” (further 25.4 percent partly agreed). The ratio of agreement was even lower (1.0 percent and 20.7 percent, respectively) when asked whether better political control has increased the democratic accountability of local authorities (see figure 3).

The results of the case studies reveal an even more critical picture. In the city of T, where political steering “at arm’s length” was initially based on framework agreements, including global budgets and fiscal benchmark figures, the budgetary process fell back to the previous practices of bottom-up budgetary demands, incremental post-negotiations, supplementary claims and corrections in details. The new reporting system, which already comes across problems within the administration, is even less accepted by the councilors. They hardly take notice of the reports and performance tables, let alone base their decisions on them. From their points of

view, the reports are not only too extensive but also contain too much information that is politically irrelevant and “useless.”

**Figure 3**  
Impacts of Political Contract Management on Steering and Decision Making<sup>19</sup>



Source: Adapted from Bogumil et al. (2007: 49).

### *Staff motivation*

According to the findings, staff members are increasingly tired of reforms and perceive the modernization primarily as downsizing and cutback management. A major problem with modernization is that staff members’ motivation for reform projects significantly decreases when accompanied by employment cutbacks, which is currently the case in most of the German local governments (see Kuhlmann and Bogumil 2007). Indeed, the employees were regularly involved in the modernization projects in more than half (53.4 percent) of the modernizing local authorities. Yet,

<sup>19</sup> Chief executive officers of the counties (Landräte) included; means of a scale from 1 (strongly agree) to 4 (strongly disagree). Only municipalities with political contract management are included. Question formulation: “If political contract management has been implemented in your administration: How do you assess the impact? Do you agree with the following statements?”



at the same time, the majority of the German mayors and even two thirds of the staff council representatives stated that employees are tired of reforms (57.2 percent and 66.5 percent, respectively) and that they regard the modernization process foremost as staff downsizing (51.7 percent and 66,6 percent). A further explanatory factor for these discouraging results is certainly that employees' actual influence in the various modes of participation was insufficient and their inclusion often only symbolic. Nearly three quarters of the surveyed staff council representatives (70 percent) consider the employees' influence on the actual reform process "low" or even "very low." In addition, the decentralizing institutional logic of the NSM reform contributed to eliminating particularly those hierarchical levels, which contained typical promotion positions for women in public administrations, with the consequence that gender inequalities were even consolidated (see Wiechmann 2005).

### **Prospects: Toward a Neo-Weberian Administration?**

---

Measured against its initial goals, the NSM reform appears to be a partial failure. Yet political scientists as well as practitioners have pointed to the various conceptual problems of the NSM from the very beginning. Today, it is generally undisputed that the NSM, with its schematic dualism of politics and administration, is conceptually misleading and stands in stark contrast to the reality of political decision making. Hence the model contains, in some of its major components, a "false theory" (see Pressman and Wildavsky 1984). It does not take into account that within the German local (parliamentary) system, the administration is closely interwoven with the majority faction of the council (see Bogumil 2002b: 133–136). Moreover, the competitive political arena in most German cities prevents political actors from defining measurable objectives, closing binding contracts and assessing political goal attainment. Because there is little interest on the part of political as well as administrative actors to be restricted to an exclusively strategic or managerial role, it is not astonishing that most of the political reform elements of the NSM (political contracts, etc.) have barely functioned and that other instruments (e.g., political benchmark frameworks) have been more or less quietly abolished.

However, the assessment gets more positive when taking an over-time perspective and considering that administrative sciences have repeatedly emphasized the public administrations' institutional inertia and their successful resistance to change and reform (see Jann 2001: 329). German local governments provide evidence for a quite different conclusion. In contrast to the federal and partly the *Länder* level, they have proven to be capable of modernizing their administrations and adapting to new institutional challenges, although in a more incremental and pragmatic than comprehensive and strategic manner. As a result, local administrations in Germany are undoubtedly more citizen and customer oriented, as well as better performing, than they were 10 years ago.

A comprehensive “paradigm shift” from the Weberian bureaucracy to a managerial NSM administration has not occurred. Many local authorities tend to implement new structures and instruments only formally, without using them in a “managerial” way. Rather, they seek to make these instruments fit into the traditional bureaucracy. Public administrations in Continental Europe still have no solution how to make managerialism match with their prevailing legalist “rule of law” culture. The vision of a “neo-Weberian” model, which has been suggested by the post-NPM literature (see Bouckaert 2006: 34–35; Pollitt and Bouckaert 2004: 99–102) and which would connect the advantages of the Weberian administration to the assets of New Public Management, has not been put into practice so far. Quite frequently, the “old” methods of steering (legal rules and hierarchy) are being weakened before the “new” managerial ones function (economic incentives and decentralized management). Taking the current trends toward outsourcing and privatization into account, German local governments are increasingly threatened by institutional fragmentation and an awkward lack of comprehensive steering (Bogumil 2004: 227; Kuhlmann 2006).

Instead of a well-performing neo-Weberian model proclaimed by some scholars, the German local governments are now, in the post-NSM phase, witnessing a reemergence of bureaucratic Weberian administration (see Drechsler 2005), particularly in the larger West German cities, where the NSM reform was most advanced. In these NSM forerunners, the unintended and unexpected consequences of reform have been most visible and most precarious. This trend is reinforced beside the recognized NSM malfunctions, above all by the local fiscal crisis and the necessary cutback policies, which are centrally steered and hierarchically coordinated. Top-down steering, organizational reintegration and rule-bound decision making tend to regain in importance without all managerial reform elements being abandoned.

The discursive predominance of the NSM lasting for more than one decade has clearly left its mark in the German administrative landscape. The organizational culture and the world of attitudes in local authorities have changed, and the – more or less feasible – idea of transferring concepts from the private to the public sector will survive in the “institutional memory” of local authorities. Yet there has been no shift to a managerial administration, and the NSM has lost most of its initial attraction. Whether a neo-Weberian mixture of legalist and managerial elements will finally work still remains to be seen.

## References

---

Banner, Gerhard. 1991. Von der Behörde zum Dienstleistungsunternehmen: Ein neues Steuerungsmodell für die Kommunen [From the local authority to the municipal service enterprise: A new steering model for local governments]. VOP 13 (4): 3–7.

- Banner, Gerhard. 2006a. Local Government: A Strategic Resource in German Public Management Reform. In *State and Local Government Reforms in France and Germany: Divergence and Convergence*: 125–144. Edited by Vincent Hoffmann-Martinet and Hellmut Wollmann. Wiesbaden: VS-Verlag.
- Banner, Gerhard. 2006b. Strategische Führung und Modernisierung des Unternehmens Kommune [Strategic steering and modernization of the local government enterprise]. In *Public Management: Grundlagen, Wirkungen, Kritik*: 253–270. Edited by Werner Jann, Manfred Röber and Hellmut Wollmann. Berlin: Edition Sigma.
- Bogumil, Jörg. 2002a. Party Competition, Constraints to Negotiate and Economisation: Changes in Municipal Decision-Making: The Example of North-Rhine-Westphalia. *German Journal of Urban Studies* 40 (2): 109–126.
- Bogumil, Jörg. 2002b. Die Umgestaltung des Verhältnisses zwischen Rat und Verwaltung: das Grundproblem der Verwaltungsmodernisierung [Transforming the relationship between politics and administration: The key problem of public sector modernization]. *Verwaltungsarchiv* 93 (1): 129–148.
- Bogumil, Jörg. 2004. Ökonomisierung der Verwaltung. Konzepte, Praxis, Auswirkungen und Probleme einer effizienzorientierten Verwaltungsführung [Marketizing public administration: Concepts, impacts, and problems of an efficiency-oriented public management reform]. In *Politik und Markt*: 209–231. Edited by Roland Czada and Reinhard Zintl. Wiesbaden: VS-Verlag.
- Bogumil, Jörg, Stephan Grohs, Sabine Kuhlmann and Anna Ohm. 2007. *Zehn Jahre Neues Steuerungsmodell. Eine Bilanz kommunaler Verwaltungsmodernisierung* [Ten years of the “New Steering Model”: Evaluating local government modernization]. Berlin: Edition Sigma.
- Bouckaert, Geert. 2006. Die Dynamik von Verwaltungsreformen. Zusammenhänge und Kontexte von Reform und Wandel [Dynamics of administrative reforms: Interdependencies and contexts of reform and change]. In *Status-Report Verwaltungsreform: Eine Zwischenbilanz nach 10 Jahren*: 22–35. Edited by Werner Jann et al. Berlin: Edition Sigma.
- Brunsson, Nils. 1989. *The Organization of Hypocrisy: Talk, Decisions, and Actions in Organizations*. Chichester, UK: Wiley.
- Drechsler, Wolfgang. 2005. The Re-Emergence of “Weberian” Public Administration after the Fall of New Public Management: The Central and Eastern European Perspective. *Halduskultuur* 6: 94–108.
- Enticott, Gareth. 2004. Multiple Voices of Modernization: Some Methodological Implications. *Public Administration* 82 (3): 743–756.
- Furubotn, Eirik G. and Rudolf Richter. 1997. *Institutions and Economic Theory: The Contribution of the New Institutional Economics*. Ann Arbor: University of Michigan Press.

Halligan, John. 2003. Public Sector Reform and Evaluation in Australia and New Zealand. In *Evaluation in Public-Sector Reform: Concepts and Practice in International Perspective*: 80–103. Edited by Hellmut Wollmann. Cheltenham, UK: Edward Elgar.

Hendriks, Frank and Pieter Tops. 1999. Between Democracy and Efficiency: Trends in Local Government Reforms in the Netherlands and in Germany. *Public Administration* 77 (1): 133–153.

Holtkamp, Lars. 2000. *Kommunale Haushaltspolitik in NRW. Haushaltsslage, Konsolidierungspotenziale, Sparstrategien* [Local fiscal policy in NRW: Budgetary situation, consolidation potentials, cutback strategies]. Opladen: Leske + Budrich.

Hood, Christopher. 1991. A Public Management for All Seasons? *Public Administration* 69 (1): 3–19.

Jann, Werner. 2001. Verwaltungsreform und Verwaltungspolitik: Verwaltungsmodernisierung und Policy-Forschung [Administrative reform and administrative policy: Administrative modernization and public policy]. In *Empirische Policy- und Verwaltungsforschung. Lokale, nationale und internationale Perspektiven*: 279–303. Edited by Eckhard Schröter. Opladen: Leske + Budrich.

Jann, Werner. 2003. State, Administration and Governance in Germany: Competing Traditions and Dominant Narratives. *Public Administration* 81 (1): 95–118.

Jann, Werner and Christoph Reichard. 2003. Evaluating Best Practice in Central Government Modernization. In *Evaluation in Public-Sector Reform: Concepts and Practice in International Perspective*: 36–55. Edited by Hellmut Wollmann. Cheltenham, UK: Edward Elgar.

Kißler, Leo, Melanie Graf and Elke Wiechmann. 2000. *Nachhaltige Partizipation. Beschäftigtenbeteiligung als Beitrag für mehr Chancengleichheit* [Sustainable participation: Employees' involvement as a contribution to more gender equality]. Berlin: Edition Sigma.

Klages, Helmut and Elke Löffler. 1996. Public Sector Modernization in Germany: Recent Trends and Emerging Strategies. In *Public Sector Management in Europe*: 132–171. Edited by Norman Flynn and Franz Strehl. New York: Prentice Hall.

Kuhlmann, Sabine. 2004. Evaluation lokaler Verwaltungspolitik: Umsetzung und Wirksamkeit des Neuen Steuerungsmodells in den deutschen Kommunen [Evaluating local administrative reform: Implementation and impacts of the "New Steering Model" in German local governments]. *Politische Vierteljahresschrift* 45 (3): 370–394.

Kuhlmann, Sabine. 2006. Local Governments between the State and the Market: International Comparison of Local Government Systems and Reforms. *German Journal of Urban Studies* 45 (2): 84–102.

Kuhlmann, Sabine. 2008. *Politik- und Verwaltungsreform in Kontinentaleuropa. Subnationale Institutionenpolitik im deutsch-französischen Vergleich* [Reforming politics and administration in Continental Europe: Institutional policies at the sub-national level in a German-French comparative perspective]. Baden-Baden: Nomos (forthcoming).

Kuhlmann, Sabine and Jörg Bogumil. 2007. Public Servants at Sub-National and Local Levels of Government: A British-German-French Comparison. In *Civil Service in the 21<sup>st</sup> Century: Comparative Perspectives*: 137–151, Edited by Jos C. N. Raadschelders, Theo A. J. Toonen and Frits M. Van der Meer. New York: Palgrave Macmillan.

Kuhlmann, Sabine and Kai Wegrich. 2001. Kommunalverwaltung in den neuen Bundesländern: Umbruch, Wandel und Leistungsfähigkeit der lokalen Ebene [Local government in the New German Länder: Transformation, change, and performance of the municipal level]. In *Empirische Policy- und Verwaltungsforschung*: 243–260. Edited by Eckhard Schröter. Opladen: Leske + Budrich.

Kuhlmann, Sabine and Hellmut Wollmann. 2006. Transaktionskosten von Verwaltungsreformen: ein “missing link” der Evaluationsforschung [Transaction costs of administrative reforms: A “missing link” in evaluation research]. In *Public Management: Grundlagen, Wirkungen, Kritik*: 371–390. Edited by Werner Jann, Manfred Röber and Hellmut Wollmann. Wiesbaden: VS-Verlag.

Maaß, Christian. 2002. Die Modernisierung kleiner Kommunalverwaltungen: grundsätzliche Überlegungen [Modernizing small local governments: Some basic reflections]. In *Public and Nonprofit Management: Neuere Entwicklungen und aktuelle Problemfelder*: 127–150, edited by Dietrich Budäus, R. Schauer and Christoph Reichard. Linz, Hamburg: Trauner.

Naschold, Frieder and Jörg Bogumil. 2000. *Modernisierung des Staates: New Public Management in deutscher und internationaler Perspektive* [Modernizing the state: New Public Management from the German and international perspective]. 2<sup>nd</sup> ed. Opladen: Leske + Budrich.

Ostrom, Elinor, Roy Gardner and James Walker. 1994. *Rules, Games, and Common-Pool Resources*. Ann Arbor: University of Michigan Press.

Pollitt, Christopher and Geert Bouckaert. 2003. Evaluating Public Management Reforms: An International Perspective. In *Evaluation in Public-Sector Reform: Concepts and Practice in International Perspective*: 12–35. Edited by Hellmut Wollmann. Cheltenham, UK: Edward Elgar.

Pollitt, Christopher and Geert Bouckaert. 2004. *Public Management Reform. A Comparative Analysis*. 2<sup>nd</sup> ed. Oxford: Oxford University Press.

Pressman, Jeffrey L. and Aaron B. Wildavsky. 1984. *Implementation*. 3<sup>rd</sup> ed. Berkeley: University of California Press.

Reichard, Christoph. 1994. *Umdenken im Rathaus. Neue Steuerungsmodelle in der deutschen Kommunalverwaltung* [Rethinking city hall: New steering models in German local governments]. Berlin: Edition Sigma.

Reichard, Christoph. 1998. Der Produktansatz im "Neuen Steuerungsmodell": von der Euphorie zur Ernüchterung [The product concept of the "New Steering Model": From euphoria to disillusion]. In *Lokale Verwaltungsreform in Aktion. Fortschritte und Fallstricke*: 85–102, edited by Dieter Grunow and Hellmut Wollmann. Basel: Birkhäuser.

Reichard, Christoph. 2003. Local Public Management Reforms in Germany. *Public Administration* 81 (2): 345–363.

Reichard, Christoph and Hansjürgen Bals. 2002. Resource-Based Accounting and Output Budgeting as Common Patterns of Public Sector Management Reforms. In *Evaluation and Accounting Standards in Public Management*: 137–151. Edited by Dieter Bräuning and Peter Eichhorn. Baden-Baden: Nomos.

Scharpf, Fritz W. 1997. *Games Real Actors Play: Actor-Centered Institutionalism in Policy Research*. Boulder, CO: Westview Press.

Wiechmann, Elke. 2005. Zehn Jahre kommunale Verwaltungsreform: eine gleichstellungspolitische Bilanz [Ten years of local government reform: An assessment of gender impacts]. *GiP* 6: 22–26.

Wollmann, Hellmut. 2000. Local Government Modernization in Germany: Between Incrementalism and Reform Waves. *Public Administration* 78 (4): 915–936.

Wollmann, Hellmut. 2001. Germany's Trajectory of Public Sector Modernization: Continuities and Discontinuities. *Policy and Politics* 29 (2): 151–169.

Wollmann, Hellmut. 2003a. Evaluation and Public-Sector Reform in Germany: Leaps and Lags. In *Evaluation in Public-Sector Reform: Concepts and Practice in International Perspective*: 118–139, Edited by Hellmut Wollmann. Cheltenham: Edward Elgar.

Wollmann, Hellmut. 2003b. Evaluation in Public-Sector Reform: Towards a "Third Wave" of Evaluation? In *Evaluation in Public-Sector Reform: Concepts and Practice in International Perspective*: 1–11. Edited by Hellmut Wollmann. Cheltenham: Edward Elgar.

Wollmann, Hellmut. 2004. Local Government Reforms in Great Britain, Sweden, Germany and France: Between Multi-Function and Single Purpose Organisations. *Local Government Studies* 20 (4): 639–665.

## Appendix: Explanatory Factors for the Degree of NSM Implementation: A Multivariate Analysis

In order to provide explanations for varying degrees of NSM implementation, we conducted a multivariate analysis taking into account the discussed potential driv-

**Table A1**  
Multiple Regression Analysis (OLS) of the Degree of NSM Implementation  
Dependent Variable: Index of Modernization

	Cities 1	Cities 2	Counties 1	Counties 2
	$\beta$	$\beta$	$\beta$	$\beta$
Constant	14.95	16.27	18.03	17.50
<b>Exogenous factors<sup>20</sup></b>				
Size	0.27 **	0.28 **	0.08	
East-West	0.07	0.07 *	0.14	0.24 **
Budgetary situation	0.02		0.14	
Endogenous factors				
Width of supporting coalition	0.05		0.01	
Party affiliation of mayor/ Landrat	0.04		-0.135	
Change in leadership	0.10 **	0.11 **	0.53	
Professional reform management	0.21 **	0.21 **	0.36 **	0.32 **
Participation of staff	0.22 **	0.23 **	0.24 **	0.22 **
Participation of council	0.04		-0.05	
Party competition	0.03		-0.11	
Adjusted R <sup>2</sup>	0.28	0.28	0.26	0.25
N <sup>21</sup>	686	686	131	131

\* Statistically significant at  $p < .05$ ; \*\* statistically significant at  $p < .01$ .

21 The dependent variables are coded as follows:

Size	Number of inhabitants (standardized);
East-West	Dummy (West = 1, East = 0);
Budgetary situation	Dummy (Existing budgetary deficit = 1, No deficit = 0);
Width of supporting coalition	Dummy (three reform supporter groups and more = 1, two or fewer = 0);
Party affiliation of mayor/ Landrat	Dummy (SPD membership = 1, Other = 0);
Change in Leadership	Dummy (Change of mayor during the reform period = 1, Other = 0);
Professional reform management	Dummy (Full-time reform managers = 1, Other = 0);
Participation of staff	Dummy ("Regular" participation = 1; Other = 0);
Participation of council	Dummy ("Regular" participation = 1; Other = 0);
Party competition	Dummy ("Seldom" or "Never" unanimous decisions in budgetary passage = 1. Other = 0).

22 Smaller N compared to the sample due to missing data.

ers of reform. As an independent variable, an additive index was developed that counts 1 point for every realized reform; in the most important field of organization, budgeting and output measurement the weight was doubled, so we derived an index ranging from 0 to 56 (for details, see Bogumil et al. 2007: 340). The analysis was conducted separately for cities and counties because of their distinct structures. We report here only the most encompassing (1) and the most parsimonious (2) models for both samples (for further analysis, see Bogumil et al. 2007: 116–120).

---

Source:

Sabine Kuhlmann, Jörg Bogumil and Stephan Grohs. Evaluating Administrative Modernization in German Local Governments: Success or Failure of the “New Steering Model?”

*Public Administration Review*, 68 (5): 851-863.

Copyright © 2008. Reprinted with permission of Blackwell Publishing Ltd.



## **A Post-Accession Crisis?**

### **Political Developments and Public Sector Modernisation in Hungary**

---

*György Jenei*<sup>1</sup>

#### **The beginning of the transition**

It is evident that the transition from a command to a market economy and from a totalitarian state to a pluralist, multiparty democracy is not only a transition in itself but rather a long process of transformation, and it requires essential reforms in the basic functions and institutions of the state (König 1992). It also requires the emergence or re-emergence of a civil society.

First of all, we have to make a clear distinction between transition and transformation. The term “transition” refers to the beginning and the completion of a historical process. In that sense, the CEE countries had a starting point – a party-state or a state-party system –, and in the coming 30–40 years, they should manage to perfect a system of market economy and liberal democracy.

The term “transformation” covers the essential changes in economy, society, and politics in the process.

These transformation and transition processes have emerged from various historical backgrounds. There were differences in the starting points of the transition in the CEE countries, and these differences have deepened in the course of transition.

This means that on one end of the continuum, you can find functioning market economies and liberal democracies while on the other end of the continuum, liberal democracy is not a system which really exists but an instrument for the international legitimisation of their political systems which are closer to enlightened

---

<sup>1</sup> Professor at the Department of Public Policy and Management in Corvinus University, Budapest, Hungary.

absolutism than to liberal democracy. The relationship between them can be characterised as a “diverging convergence”.

For this reason, the Hungarian experiments have to be carefully applied to all CEE countries. Perhaps the reform and modernisation processes of the new EU member and accession states from this region are more or less similar to the Hungarian pattern. For the other countries in the region, this pattern is less relevant, and in a few cases, the development of liberal democracy would threaten the political stability in these countries.

In Hungary, it is convenient to break up the process of administrative reform into various phases. Three phases are distinguished from each other: the first lasting from 1989 to 1994, the second from 1995 to 2003, and the third from 2004 to the present time.

## **1. The first phase of modernisation (1989–1994) and its international context**

---

In the first period, the basic task was the creation of a strong legal state. But the task was not so simple because in the European tradition, there were three different Rechtsstaat models.

According to Walter Kirkert, the basic difference between the Napoleonic and German models is as follows:

The Napoleonic state model, in which the nation state is united and the state serves the general interest, the administration is centralised, hierarchical, uniform, accountable and controlled, and state officials are highly trained and qualified, and organised in professional ‘corps’, also formed the foundation of Mediterranean states like Italy, Spain and Portugal. The Germanic Rechtsstaat tradition can be recognised in countries like Austria. The main difference between the legalistic Napoleonic and the Germanic Rechtsstaat model is that the Prussian state formation was not based on a revolutionary abolishment of monarchy by the bourgeoisie, but on the hegemony of the Prussian elite, in particular the ‘Iron Chancellor’, Bismarck. The nineteenth-century German idea of Rechtsstaat meant that the sovereign was to be bound by laws and rules, which were to be equally and fairly applied to all state subjects, and that judges and administrators were to be neutral. Contrary to the French *principe de légalité*, in which the law is the expression of the *volonté générale*, of the people (Ziller 2003), in Prussia and Habsburg Austria the emperors remained in absolute power.

Parliamentary democracy was only established in Germany after the First World War (Kickert 2008: 5–6).

The third model is the liberal constitutional Rechtsstaat established in the 20<sup>th</sup> century in many West-European countries. According to Kickert,

The establishment of the Rechtsstaat also marked the beginning of modern professional bureaucracy. State officials transformed from personal servants of the king into servants of the impersonal state. They became properly educated and trained professionals with the proper expertise, they fulfilled an official, formally described task, held a formal and protected life-long position, with regular salary and pension. The ideal-type 'bureaucracy' (Weber 1922) was born (Kickert 2008: 6).

What type of Rechtsstaat model was established in Hungary? The Napoleonic model can be excluded because the authoritarian system was not abolished in a revolutionary way. The Hungarian ambition and intention was to create a liberal constitutional Rechtsstaat based on the primacy of the law. Legal sources were to be the basis of administrative actions implemented by a modern professional bureaucracy.

In spite of the fact that Hungary followed the German Rechtsstaat model in the period of the Austro-Hungarian Monarchy, there were no attempts to renew it (Hajnal and Jenei 2008: 211–212).

By now, it has turned out that there are serious deficiencies in the implementation of the Rechtsstaat model. The Rechtsstaat requires the separation of the three basic power branches: the legislative, executive and judicial institutions. In Hungary, the separation of the judiciary from the two other power branches is not complete even now.

The courts are influenced by the executive in different ways; for instance in their agenda setting and in slowing down the judicial process.

The extent and the forms of arbitrary actions are also an Achilles heel of the system. Politicians and bureaucrats are not demarcated in the commitment of bribery and corruption. Sometimes elected politicians are the initiators. Sometimes it is bottom-up corruption when low-level civil servants must give a certain share to their principal. But top-down corruption also occurs quite frequently when top level civil servants have to buy the silence of others. One highway kilometre costs twice the amount of money as in Croatia. However, it is well-known that Hungarian highways are built on the great Hungarian plain, and the Croatian highways are built in hilly regions. The corruption connected to public procurement and later on to PPP contracts proves that the autonomy of the public administration is limited, and it is dependent on the leaders of the political parties.

Furthermore, democracy employs police and armed forces to guarantee internal and external security. But just recently, Hungarian citizens could observe and experience arbitrary actions of the police and other law enforcement bodies in the limitation of their basic freedom rights (freedom of speech, right of assembly).

The way that the Rechtsstaat was established in Hungary had a controversial impact on the autonomy of public administration. In the beginning, autonomy was decreased, even limited, arguing that the bureaucracy served the previous authoritarian power. But bureaucracy had a controversial role in the crisis of the previous political system. On the one hand, it was really the executive part of the power, but on the other hand, based on its increasing autonomy, it acted independently of the party pursuing transition. This independence was declared in a critical phase of the transition in May 1989, and it was the main guarantee for a peaceful and consensus-based Hungarian transition.

After 1990, the new political parties not only restricted the autonomy of the public administration, but also politicised the activities of the bureaucracy. The result of the impact of the new parties was a decrease in the professionalism of the bureaucracy.

It means that the legal-rational principle of the Weberian theory on bureaucracy was only partly accomplished. It turned out that no imitation of any Western models is possible, because of the impact of the Byzantine historical heritage. As a result, the legal-institutional framework was set up, but the political behaviour was not adequate to the framework and it caused serious deficiencies.

## **2. The second phase of modernisation (1995–2003) and its international context**

---

Democratic legitimacy has two components: legal certainty and efficiency. The main issue in the first phase was to create legal certainty, and the first phase was not completed when the second phase had to begin. The increase of the performance level of the economy and the public sector became an external requirement of Europeanisation. The improvement of infrastructure, the quality of *public* services, and the performance of *public* administration became key long-term factors of economic recovery and modernisation.

Institutional capacity building became the core requirement, and public management reforms were the answer to the challenge.

According to the typology of Pollitt and Bouckaert (Pollitt and Bouckaert 2002), public management reforms in Hungary began in the context of the modernising trajectory in 1990. In the mid-1990s, a shift from the modernising occurred because of the weakness of the legal state. Then, the accession to the European Union produced an external constraint to reinforce legalism and strengthen effectiveness

at the same time. The cumulative deficiencies were confronted with new waves of external requirements, and the result was a somewhat chaotic situation.

From an international perspective, Hungary has had an incomplete trajectory. Out of the three different contracts (contract-based relationship between the regulative and service delivery functions; contracting-out for quality improvement; Citizen's Charter) only contracting-out is applied in Hungarian practice.

The steering and rowing functions were not uncoupled. The day-to-day actions of the public agencies were not based on contracts between regulation and service provision. Only a performance appraisal system has been prepared without creating the opportunity for a correct performance measurement.

The consequence was that public agencies could not compete with private enterprises in the badly regulated market of service delivery. No transparent mechanisms of accountability were established for civil monitoring. Citizens were not empowered. No Citizen's Charter could – or can – be seen on the horizon.

The state monopoly is being replaced with a private monopoly. In one county (where the ruling coalition has the majority in the county assembly), the hospitals have been contracted out. There are four hospitals in the county. Three of them are already in the hands of a private firm. (Leading officials from the government are involved with investments in this “private firm”.) This firm has made a bid for the fourth hospital with the support of the county assembly. The capital of the county – where the hospital is located – resists. Let us suppose that the private firm will win and control the fourth hospital as well. Who will compete with whom? How can the public control them? Will the regulative power of the government be efficient?

### **3. The third phase of modernisation (2004–) and its international context**

---

By 2004, Hungary was prepared for the EU membership and with this membership, a new phase began. The main functions of public administration were and are to consolidate

- a functioning market economy;
- a stable liberal democracy;
- and to improve economic competitiveness.

In the third phase, consolidation became the key word.

There is a good deal of pressure and many challenges facing public administration. For instance, people are losing confidence in all institutions, while at the same time every institution is faced with pressure on its resources and budgets. There is also a continuing push for more “direct” democracy as well as more opportunities for participation. These trends are accompanied by decreasing respect

for traditional instruments of “representative” democracy, and public agencies are already regarded with considerable scepticism (Jenei 1999). Under these circumstances, reacting in an oppressive way, or trying to minimise problems creates a decrease in the credibility of public administration.

Nevertheless – especially in the last few years – constant efforts were made to produce some kind of visible results in creating a customer-friendly administrative service, by introducing the one-stop system or implementing shop e-government measures. However, there are strong indicators showing that experiments with the application management techniques failed, because the very basic classical bureaucratic virtues are often missing from large segments of the central government machinery. For example, basic coordination and information tasks are not carried out, and structures and processes are often largely chaotic and anarchistic, reflecting the temporary interests and aspirations of different, conflicting (micro-) political and, more typically, personal power centres. Moreover, even the most basic lines and mechanisms of bureaucratic accountability are often missing on multiple levels of the system (See Hajnal and Jenei 2008).

Moreover the reform efforts are only slogans, and in reality, they are not reforms, but actions or reactions under external and internal pressure. It was a cut-back in the civil service because of financial constraints, and it was and is called reform. But the name is misleading. This process does not meet the term “reform” used in EU countries, because it is not led by a strategic vision, and the actions are not legitimised by the civil society. There are neither participative nor civil dialogues. The administrative principles of the EAS are only partly implemented.

In an international comparison the following conclusions can be drawn.

### 3.1

The democratic political system in Hungary is in the stage of a representative democracy now. I would add that a special version of representative democracy has been implemented in Hungary. In this version, the party leaders are supposed to be charismatic, and for the citizens, democracy means regular participation in the voting process. And nothing else! It is based on a simplified version of the theory of Schumpeter emphasising the following component in defining democracy: “that institutional arrangement for arriving at political decisions in which individuals acquire the power to decide by means of a competitive struggle for the people’s vote” (Schumpeter 1947: 269).

There are two problems with the Hungarian version. Firstly strong social groups among the Hungarians do not accept it. The public opinion polls show a frightening decline in the personal prestige of the politicians. Very limited confidence exists in the political institutions and in the public agencies anymore. (Excep-

tions are a few local politicians, among them even city mayors as well.) This level of mistrust endangers the stability of the system.

This political orientation can be characterised by the following instruction by a party leader. It was given at a county party meeting in the 2006 election campaign. The very essence of the instruction was that “the basic principle that we have to follow is that two functional illiterate matter more than a Nobel Prize winner. They have two votes compared to one”.

This statement has its logic. But it does not fit the value-orientation of strong social groups and secondly, it does not meet the requirement of increasing the economic competitiveness of the country. It has become quite evident by now that the economic competitiveness of the country depends on such factors as the quality of public service provision, the performance level of public trust in the public agencies, the openness, transparency, predictability, reliability and accountability of the public sector. The main problem is that the current tasks of the public sector modernisation require a post-parliamentary democracy, in the terms of the EU a participative democracy.

But in Hungary, participative democracy is only a demand of the trade unions and of several civil society organisations. There are ongoing efforts for organising referenda against the government. In this special situation, direct democracy is applied because of the lack of participative democracy, because it is the only opportunity – and a costly one at that – for pressure groups to express their criticism of or resistance to governance.

In a comparative perspective we can raise the question: What model of democracy has emerged in Hungary?

Definitely it can not be described with the term “liberal democracy”. The very essence of this model of democracy is widespread political participation, direct and active involvement of citizens as decision-makers in public policy-making. The Hungarian model does not meet these criteria, because the institutional mechanisms of participative involvement either have not been set up (mechanisms of civil dialogue) or, however, they are established, but they do not function in the day-to-day practice of policy-making (mechanisms of social dialogue).

The Hungarian model is somewhat similar to the representative democracy as regular competitive elections are at the core of the political system. There are deviations, however. The parties in Hungary are not only competitors, but they created a polarisation in the competition which resulted in a fragmentation of the party system and a lack of trust towards the state and within society.

The Hungarian democracy is in a deadlock situation. The integrative political organisations, the pressure groups and the civil society organisations are not able to force the parties to move out from this deadlock of fragmentation. The Hungarian democracy has an unbalanced institutional background. The centrifugal forc-

es (parties) essentially have more strength than the centripetal, integrative forces (trade-unions, pressure groups, civil society organisations). Sometimes these centripetal, integrative forces even only imitate their socio-political functions, because some of them were created by parties and therefore, they are extended arms of various parties.

The Hungarian model is far from the current forms of modern democracies. In this model of democracy, the role of social groups is much greater than in a representative democracy. In these participative democracies, pressure groups have grown up alongside the formal institutions of government and political system. They developed a bargaining power, and governments and parties had to seek the consent of and cooperation with these pressure groups.

Sometimes this model is called “post-parliamentary democracy”, in which decisions are negotiated between public agencies and pressure groups.

### 3.2

The second reason is that public management reforms are not coupled with reforms in policy making. In 2005, OECD published an analysis and evaluation of the results and problems and of the innovative efforts. (OECD 2005)

Measured against the criteria of this overview of the main deficiencies of the Hungarian public sector, we can find some critical points:

- The openness of the government is on the traditional level. No progress has been made in transparency, accessibility and responsiveness;
- Performance management and budgeting has not been implemented in a series of public agencies;
- Public policy-making consists of only web of actions without a relevant strategy. We can speak about strategic management mainly on the local level;
- Progress was made in the efficiency of public agencies, but the implementation of effectiveness is only sporadic;
- There is widespread abuse and mismanagement of the market type mechanisms;
- The core issue that has to be solved is the adaptation to the changing needs of social groups and maintaining coherence of public policy and continuity of governance values at the same time.

### 3.3

The relationships between politicians and civil servants are not consolidated. This means that every change in the coalition – which was quite frequent in Hungary – had an impact on the composition of public administration on the top and middle levels. It was the main obstacle to building up a neutral bureaucracy based on pro-



fessional expertise. Party affiliation mattered more in the nomination of top- and middle-level bureaucrats.

The process has begun already in 1990 when top-level technocrats were ousted from the government in spite of the fact that their attitude was basically loyal to the new government, following the good old slogan that originated in the time of the Austro-Hungarian Monarchy: “Maul halten und weiter dienen” (Shut up! And go on serving!)

This procedure was repeated every four years from then on. Unfortunately there was an exchange in the governing position in almost every election. It was the result of a series of punishment votes, and the opposition forces always emptied not only the key positions, but the mid-level positions as well. They had to pay out their supporters of the previous election campaign. The ideology was: “democracy is a learning process”. The problem was that they repeatedly learned, the public paid the costs, and many of the new leaders were weak, hopeless cases. This resulted in a decline in the professional expertise of civil servants. Sometimes they identify themselves as independent, but the question the public asks them is: “On which side are you independent?”

The situation is somewhat better on the local level. In cities and in villages, continuity can be experienced. This is favourable for the development of professional expertise.

But in the current situation, the relation between politics and administration is unstable and over-politicised. What Verheijen and Rabrenovic pointed out on the CEE level is also relevant in Hungary, and it is quoted by Meyer-Sahling (Meyer-Sahling 2008): “The prevailing pattern in (post-communist) states is still one of the top echelons of the civil service changing with each election or, in worse cases with each government reshuffles” (Verheijen and Rabrenovic 2001: 441).

Politicisation of public administration is also characteristic of Western democracies (Goetz 2001), but from a comparative perspective, the Hungarian practice is different from the prevailing modes of politicisation in Western democracies (Meyer-Sahling 2008: 2). The main differences are as follows:

- Personnel turnover is essentially higher than the international standards after every elections;
- New appointees have been recruited from outside mainly based on their political affiliation rather than from the public agencies;
- Governments appoint officials who are “returnees” as Meyer-Sahling argues, “in the sense that they work in senior administrative ranks under governments of the same political colour, leave when a government is formed by parties of the opposite political spectrum, but return to senior ranks with ‘their bloc of parties’ after having bridged the out-of-office period in the private sector, academia or at a political party” (Meyer-Sahling 2008: 2).

In Hungary, a partisan politicisation has emerged which is different from the other modes of politicisation, namely the non-politicisation, and the bounded politicisation. This mode is the heritage of the authoritarian system where the politicisation of public administration was strong and dominant. It was a one-party system, in which the career paths merged among the leading positions of the party, of the public administration and of the economic enterprises.

This party dominance survived the authoritarian system, but in a modified form. In the new multi-party system, the “ancient mode” of politicisation has been preserved, and it was taken over by the newly established parties as well.

An additional problem is the relation between the various elites.

What type of elite theory is relevant for the Hungarian political and administrative developments? In modern democracies political elites are composed of political party leaders in the government and in the opposition, of high ranking civil servants, military leaders, leaders of economic enterprises, and sometimes of aristocracy and the royal house. There are different kinds of elites, and their position is partly related to the development of large-scale organisations.

Liberal democracy operates in the modern state through the interactions between the various elites and the bureaucratic elite between the elections, and through the competition between party elites in the regular election period. It is the very essence of democratic elitism, which means competition, but also circulation and replacement, among the elites.

In Hungary, the relationship between the elites is unbalanced. The system of “checks and balances” is not implemented. The behaviour of the political elites is similar to ruling-class behaviour. This means that there is a lack of compromise-oriented political culture in the way that party coalitions govern.

The second bottleneck is the weakness of other elites compared to the party elites. Neutral, independent bureaucracy does not exist at all in Hungary. Top and middle management of public agencies has very frequently been directly influenced by the governing parties. In many cases, civil society organisations are supported financially, based on their party commitments.

The signs of clientelism are quite transparent. It is also a deadlock, and no forces can be observed on the horizon with the ability to push the current situation into the direction of democratic elitism.

The emergence of a neo-patrimonial alternative is a real danger.

## **4. Conclusions**

---

Even in the EU countries, there are tensions between the administrative principles. There is a broadly discussed tension between the principles of professional integrity

and professional loyalty. A well-known consequence of customer orientation, quality improvement and application of management techniques is the tension between legalism and managerialism. But in the EU, the development of the “Rule of Law” and the introduction of “Public Management Reforms” was a sequential process.

Compared to this, the essential difference is that in Hungary, the legal and organisational framework of a “Rechtsstaat” was established only in the early 1990s and shortly after this, Hungary also faced the challenge of introducing managerial methods and techniques in the public sector. Basically the development of the “Rule of Law” and of the “New Public Management” have become a parallel process. The result was multiplied deficiency and deviation from any Western patterns.

Creating a legal-organisational framework for a “Rechtsstaat” does not mean that it is already a functioning legal state based on Weberian principles. But without a functioning Weberian democratic system, without regulative and monitoring power of the state, the initial steps of “Public Management Reforms” result in uncertainties and deviations in the legal state and even strengthen corruption.

On the other hand, without introducing the quality models, the CEE countries cannot increase the competitiveness of the public sector which is an essential component of the economic, social and political modernisation processes of these countries.

Are we really in a trap situation? Is there a way out of this post-accession crisis (Ágh 2008)?

The only solution is that Hungary must not try to avoid the Weberian phase of development. A functioning Rechtsstaat is a necessity in the course of modernisation but you have to add to this development the application and implementation of the western quality models as well. You need a balanced position, and public administration needs a stable political background and strong consensus of the political parties in supporting this process.

A Neo-Weberian State became the requirement without the existence of a completed Weberian state, because it is the only solution that provides a synthesis between legalism and managerialism. The new constraint is a Neo-Weberian State, in which governmental actions are based on the Rule of Law, in which private enterprises are involved in quality competition in service delivery, and in which civil society organisations have full involvement in public policy-making, from decision-making to service provision.

As far as Hungary is concerned: only the Neo Weberian State means that the light at the end of the tunnel is in sight, and without this synthesis, we are just running in a long tunnel further multiplying the deficiencies of modernisation.

There is no doubt: in a normative approach, the Neo-Weberian State would be the optimal solution. But taking into consideration the multiplied deficiencies

of either the legal state or the public management reforms, and the controversies between the rhetoric and the actions of reform efforts, another alternative appears on the horizon: the new-patrimonial state.

It is certain that the new-patrimonial alternative would be a dead-end which Hungary is now just entering. The only way not to tread this path is the strengthening of the civil sector and its organisations.

Hungarian politicians divide society into a polar spectrum containing the market on the one side and the government on the other. In this approach, civil society is dependent on these two centres. But we need an approach in which market economy, government and civil society are parts of a three-legged chair. The first leg creates market capital, the second creates public capital and the third creates social capital. Civil society has to turn into a third, independent force in public policy-making and then, the Hungarian perspective is a Neo-Weberian synthesis and not a combined mistake of a neo-patrimonial state.

## References

---

- Ágh, Attila. 2007. Consensual Democracy and Team Presidency: Europeanization of Hungary in the Presidency Role.
- Goetz, Klaus. 2001. Making Sense of Post-Communist Central Administration: Modernisation, Europeanisation or Latinisation? *Journal of European Public Policy* 8 (6): 1032–1051.
- Hajnal, György, and György Jenei. 2008. The Study of Public Management in Hungary. In *The Study of Public Management in Europe and the US*: 208–233. Edited by Walter Kickert. PLACE: Routledge.
- Jenei, György. 1999. Public Service Management and the Transition Process in Hungary. In *Stand und Perspektiven der Öffentlichen Betriebswirtschaftslehre*. Edited by Dietmar Brauning, and Dorothea Greiling. Berlin: Arno Spitz Verlag.
- Kickert, Walter. 2008. *The Study of Public Management in Europe and the US*. PLACE: Routledge.
- König, Klaus. 1992. The Transformation of a “Real-Socialist” Administrative System into a Conventional Western European System. *International Review of Administrative Sciences* 58: 147–176.
- Meyer-Sahling, Jan-Hinrik. 2008. The Changing Colours of the Post-Communist State: The Politicisation of the Senior Civil Service in Hungary. *European Journal of Political Research* 47: 1–33.
- OECD. 2005. *Modernising Government. The Way Forward*. Paris.

Schumpeter, J. 1947. *Capitalism, Socialism and Democracy*. 2<sup>nd</sup> rev. ed. London: Allen & Unwin.

Verheijen, Tony, and A. Rabrenovic. 2001. The Evolution of Politico-Administrative Relations in Post-Communist States: Main Directions. In *Politico-administrative relations: Who rules?* Edited by Tony Verheijen. Bratislava: NISPAcee.

Weber, Max. 1922. *Wirtschaft und Gesellschaft*. Tübingen: Mohr (reprint 1972).

Ziller, Jacques. 2003. The Continental System of Administrative Legality. In *Handbook of Public Administration*, Edited by Guy Peters, and Jon Pierre. London: Sage.



# New Public Management Versus the Neo-Weberian State in Central and Eastern Europe

*Tiina Randma-Liiv*<sup>1</sup>

## Introduction

The outcome of applying New Public Management (NPM) principles in Western countries' public administration has been analyzed quite a lot, but the particular situation in Central and Eastern European (CEE) countries has received less attention. Similarly, the Neo-Weberian State (NWS) – admittedly a relatively new concept – has not been thoroughly explored in the CEE context with a few exceptions (e.g. Drechsler 2005a). The aim of this paper is to analyze the applicability of these two concepts of public administration in the post-communist countries. As the development of liberal democracy is seen as a crucial variable in the discussion of public administration, the CEE region is limited to the new EU member states in this paper. There are also remarkable differences among the new EU member states (see e.g. Ágh 2003) but common developments, opportunities and risks can also be pointed out. The EU influence on CEE administrations is not specifically addressed within this paper.

There are fundamental differences between countries that have radically changed their political systems on the one hand, and other states that have carried out public administration (PA) reforms within the same political system. Therefore, it is difficult to use the same research framework for Western and Eastern European countries. At the same time, the NPM fashion in the West has influenced the adoption of similar ideas in CEE (Randma-Liiv 2005). The NPM ideology sat well with post-communist countries that did not like a big state apparatus, were abolishing their one-sector economies and carrying out large-scale privatizations. In later phases of transition, path dependency started playing an important role, as fundamental state-building decisions had already been taken in the early 1990s.

---

<sup>1</sup> Professor of Public Administration and Policy, Tallinn University of Technology, Estonia.

The problem in the CEE region is that quite frequently, the concepts and especially the underlying ideologies of PA reforms have not been fully understood (Drechsler 2004: 389). This can also be present in some highly developed countries but not to the same extent as in CEE where thinking about the state is insufficient and often 'uninformed'. This has led to "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). To a certain extent, 'transition' is still an appropriate term to characterize the field of public administration in CEE. What have been the main challenges of the post-communist legacy that still influence the CEE administrations today? How are they related to various public administration paradigms, most notably those of NPM and the NWS? A number of fundamental choices for any government are addressed below by highlighting specific characteristics in CEE countries.

## **1. Minimal vs strong state**

---

Everything associated with the state had a bad reputation during the Communist era as the 'state' was usually equated with the rule of the Communist Party. Drechsler (1995) argues that one of the most serious problems in CEE is that there is no prevailing state identification on the part of the citizens, not even a concept of state. While this might sound attractive to the opponents of 'state', it leads to serious problems that especially new democracies cannot afford. These include the lack of automatic loyalty of the citizens, co-operation within the government, or true respect for legal or administrative decisions (Drechsler 1995: 112). Such an anti-state attitude has contributed to the development of ideas based on the minimal state in CEE countries.

One of the main challenges in most CEE countries has been posed by the desire to jump straight into having modern management systems without previously establishing a solid basis for democratic development – the classical hierarchically-structured public administration and respective accountability systems. Without having basic public administration frameworks in place, there has already been a pressure to 'reform' the not-yet-existing management practices. Jenei and Szalai (2002: 368) argue that in CEE transitional countries, public administration has had to face special challenge because both the creation of a political democracy and the implementation of the principles of efficiency and effectiveness became crucial tasks of modernization at the same time. Several authors have questioned the suitability of NPM principles and tools to the transitional countries. "NPM is particularly bad if pushed upon transition and development countries because if it can make any sense, then it is only in an environment of a well-functioning democratic administrative tradition" (Drechsler 2005a: 101). "NPM does not provide for a strong state that can manage the many internal and external challenges facing newly independent states, including civil services plagued by domestic ethnic strife,



hyper-pluralistic political party systems, weak systems of economic, health and environmental regulation” (Dunn and Miller 2007: 350).

Whereas the state was largely absent in the analysis of PA in the early 1990s and the almighty market was mystified, with the NWS, the significance of the state is back (see Pollitt and Bouckaert 2004: 99), definitely in Western, and increasingly in Eastern Europe, where many if not most of the problems are related to questions of what the state is or should be (Drechsler 2005b).

However, post-communist states are (still) not as strong as needed. The pre-transition governments were certainly big in the sense of carrying out functions affecting the society in many more ways than the governments of the advanced democracies do. This, however, does not mean that the government was strong in the sense of having the capacity to formulate and implement policies, or to efficiently perform routine administrative functions (Grindle 1997: 3). It was not in the interest of the Communist Party to develop neutral and professional public service, thereby creating another source of power. Moreover, due to its overly intrusive nature, the pre-transition government is strongly but justly associated with the negative view towards regulation and steering through central bodies.

Newly democratic states face severe difficulties in ensuring sustainable development. Firstly, development presupposes strong and efficient governments that do not exist. Secondly, the creation of a strong and effective state is not popular due to previous experience. Nevertheless, it is only possible to agree with Peters (2001: 176) that “once a so-called Weberian administrative system is institutionalized, then it may make sense to consider how best to move from that system towards a more ‘modern’ system of PA.” Consequently, for CEE countries, anti-state minimizing can be disastrous, and the 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 for the ‘old’ problems of transition as well as for the ‘new’ problems of globalisation, technological change, shifting demographics, and environmental threats (for NWS principles, see Pollitt and Boucakert 2004: 99) would provide a much-needed backbone to the hectic political and economic context of CEE.

## **2. Flexibility vs stability**

---

While traditional public sector organizations are usually considered to be permanent entities and public employment in many countries is regarded as a life time job, there has been a trend to decrease this stability and to question the permanence of public organizations, structures, principles and values.

Indeed, permanence and stability might often be seen as problems in the Western world, however, in CEE countries, they might actually provide a solution. Already the term ‘transition’ contradicts the concept of stability. Some of the

most common obstacles to a sustainable development of public administration in CEE are the unstable political context, constantly ongoing changes without a clear framework, and unfinished reform attempts. Often, the question is not about ignoring changes in the environment or about the stagnation of the ideas and approaches, but about having at least some system in place to enable appropriate policy-making and implementation.

While Western governments might sometimes struggle with their locking into the practices and solutions of the past, CEE governments had to create a totally new reality with the new practices (with the exception of a few countries where pre-transition practices are still alive). Hence, locking into past solutions rarely happens since the political system itself is different. Thus, flexibility does not address the same problems in highly developed and transitional countries; rather it fosters totally different aspects of their public administrations. Before CEE governments would be able to take advantage of the flexibility of the system, they should gain the capacity and experience to administer a stable situation. According to Holmes (1997: 16), the lack of the capacity to create a new political order is the heritage of a totalitarian system. If such a capacity is missing, too much flexibility may lead to very risky outcomes.

Even if the transitional PA systems may not be optimal at the beginning of the transition, they still offer the needed framework and stability for further development. Constant changes together with a high level of flexibility may create possibilities to follow self-interests and to build up separate 'kingdoms' and power spheres within transitional public administration with many 'grey areas' of responsibility. Consequently, before a certain change proposal reaches its maturity and outcome, new changes are already on their way waiting for their turn, thereby leading to easy reversibility of reforms. Thus in the context of a high level of political, administrative and economic instability, any base of stability is likely to have its own virtue. The long-standing organizational structures, constant principles and targets could help to maneuver through transition and ensure the sustainability of proposed changes. Stability is also needed for building up administrative capacity and creating organizational memory.

Since the reasons why flexibility is fostered in highly developed countries do not characterize the context of CEE governments, implementing flexibility measures will also have different outcomes. The CEE public sector in general is struggling with too many constant changes that have decreased the commitment and motivation of civil servants. Thus, the problem of CEE governments is not the rigidity of the system but rather, on the contrary, it is the fact that the systems themselves are changing too often. Thus, the challenge for CEE governments is to identify the most appropriate balance between flexibility and stability, and in questionable situations rather pursue the more stable options, that is, the 'Weberian' elements of the NWS framework (Pollitt and Bouckaert 2004: 99).

### **3. Deregulation vs regulation**

---

In CEE countries, most of the life spheres had to be built up from scratch during the 1990s. This process also required the establishment of a large number of new laws, rules, regulations and principles. In the 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 democratic countries where generally accepted public values and principles are already in place, but it might be productive in transitional countries where the rule of law is not yet in place. That is why implementing deregulation in CEE governments might have a negative influence since there is no commonly understood and followed set of principles and values yet. In this case, regulations and procedures provide some certainty and predictability of actions.

Peters (2001: 176) also notes that transitional and poor developing areas require more regulation than NPM presumes because more rules are required to create conditions for institution building including the elimination of nepotism. For instance, high discretion in personnel management may prove to be risky because of the insufficiently developed legislative framework, little experience of high- and mid-level managers, unsettled administrative culture and insufficient control mechanisms. Verheijen (1998b: 415) argues rightly that liberalization of employment conditions in the CEE context may lead to a further increase in politicization, enhance rather than eliminate instability and increase levels of corruption. It is also difficult to introduce merit principles to replace the Communist patronage under 'deregulated' civil service settings.

In reality, the experience with the overformalization of the Communist system makes deregulation attempts very attractive to the CEE citizens. However, it is highly questionable whether decentralised and deregulated public management with its maxim of 'letting the managers manage' could be built on the foundation of post-communist administrative culture and the wanting ethics of public servants. Deregulating the public service may not be viable before a set of values is in place that would permit the government to operate in an accountable and non-corrupt manner without the existence of formalized controls (Peters 2001: 167). "Despite the appeal of ideas such as deregulation and flexibility, governments attempting to build both effective administration and democracy might require much greater emphasis on formality, rules, and strong ethical standards" (Peters 2001: 176). The NWS paradigm also includes the reaffirmation of the role of administrative law, which, in addition to preserving the basic principles pertaining to the citizen-state relationship such as equality before the law, legal security and legal scrutiny of state actions (Pollitt and Bouckaert 2004: 99), would offer more predictability, reliability as well as legitimacy in the chaotic political and administrative environment of CEE.

## 4. Marketization or not?

---

“The primary intellectual root of the market approach to changing the public sector is the belief in the efficiency of markets as the mechanism for allocating resources within a society” (Peters 2001: 25). Entrepreneurship, competition, privatization and efficiency are central keywords used within this framework.

Privatization has been both the result and the primary domestic mover of most public sector reforms in CEE (Ágh 2003: 537). A certain overridealization of the private sector (and free market) can still be said to prevail in CEE today. Massive privatizations and wholesale downsizing hurtling along out of sheer inertia have led to the selling-off of strategic enterprises such as railways or crucial services as emergency medical aid without much public discourse or market-testing.

It is, however, important to understand, especially in the context of new market economies, that the existence of the ‘rules of the game’, such as a basic constitutional framework or rules for private property rights, are needed if markets are to function at all. Unless contractual rights are enforced by central authorities, the participants on the market cannot conclude those contracts with any certainty that the contracts will be fulfilled. Creating, through the constitution and laws, the basic institutional framework under which exchanges between different actors may take place is thus among the first tasks for transition countries (König 1992). Only a strong state, not deregulated networks can adopt such a framework and, even more importantly, guarantee the implementation of this framework in practice.

Often CEE governments are not able to act as ‘smart buyers’ because of institutional settings which are too weak to control and steer complex contracting relationships (Lember 2004). In addition to the lack of a proper legal framework, the role of uncompetitive markets and hidden internal costs are the main reasons why the contracting-out approach fails in CEE countries (Nemec 2001; Lember 2004). Potentially competitive markets in CEE are in many cases still not well developed, but characterized by monopolistic or oligopolistic structures and behavior. Under these circumstances, the argument about possible unit cost savings is far more controversial than in developed markets (Nemec 2001). If the internal costs of the existing system are unknown (as demonstrated by Nemec 2001), it is impossible to compare the performance of privately operated services with the previous record of the governmental system and to make judgments on the success of private providers.

Finally, what are the overmystified private sector practices in CEE which should ideally provide a role model for public administration? Poor management experience is often a problem in public as well as private sectors of the CEE countries. Transition macho-managers emerged in both sectors: they are ready to make fast and risky decisions with no hesitation or prior analysis. Managers with poor experience are also likely to have low self-respect, leading them to fear making mistakes, to seek to achieve goals at any cost, and to substitute self-justification

for an open learning process. NPM tools such as performance contracts or inflow of private sector managers into PA may prove very problematic under these circumstances. As argued by Schick (1998: 124), “the greater the shortcomings in a country’s established management practices, the less suitable the [NPM] reforms”. Indeed, deregulation, decentralization and flexibility require high competence and ethical standards from individual managers, which is very often lacking in the CEE context.

NPM mechanisms emphasizing entrepreneurship, competition and governance through non-state actors may also seriously undermine the legitimacy of the state and diminish the trust in public organizations, which is crucial in new democracies. Moreover, the tight networks involving both public and private actors may lead to closed and secretive policy-making, especially in the case of deficient public ethics in post-communist countries. So far, there has been no complete separation of business and politics, which has given rise to a high level of corruption in most CEE states (Ágh 2003: 539). Consequently, it may be more appropriate to create legal certainty via a fixed order of responsibility, especially in the provision of crucial public services, rather than to rely on the ‘wonders’ of private-sector practices or simulated competition. Thus, the NWS through its ‘Weberian’ elements such as reaffirmation of the role of the state and administrative law (Pollitt and Bouckaert 2004: 99) provides a more balanced framework for CEE ‘marketizers.’ Meanwhile, the ‘Neo’ elements of the NWS encourage a greater orientation on the achievement of results and *ex ante* as well as *ex post* control which also requires more thorough attention by CEE governments.

## **5. Fragmentation vs unity**

---

As a result of the market-oriented NPM ideas and reform trajectories, the traditionally large and monolithic government administrations have been subject to strong horizontal and vertical specialization. This has resulted in a large-scale establishment of agencies and other autonomous bodies, thereby decentralizing and also fragmenting the public administration. Meanwhile, the rationale of the unity and distinctiveness of the public service has been questioned.

Decentralization might quite well promote the effectiveness of the organization while being able to address the grass-roots needs more appropriately, but it might also become dysfunctional when there is a need for co-ordination mechanisms as well as for quick and tough decisions as is usually the case in fast-developing countries. The advice to move into the decentralized administrative reform model could be particularly risky in transitional countries because implementing such a decentralized system assumes a capacity to monitor and assess effectively the performance of the decentralized bodies created (Peters 2001: 35).

Verheijen (1998a: 208) has drawn attention to unusually poor accountability and co-ordination systems in CEE public sectors. The lack of co-ordination mechanisms has been inherited from the Communist regime, under which the responsibility for the integration of policies and for controlling their implementation used to lie mainly with the Communist Party. Although new democratic countries have been successful in dismantling communist systems and structures of public administration, they have been less successful in integrating the new systems with each other (Verheijen 1998a). Very little has been done to develop new mechanisms for inter- as well as inner-organizational co-ordination, both vertically and horizontally.

In the Communist era, a pervasive culture of extreme specialization was developed rather than the understanding of highly interconnected, complex social relations in society (Newland et al. 1999: 221). In addition, the transfer from a one-sector economy to a multi-sector democratic society has encouraged new sectors, units and professions in society to emphasize their particular identity and leave different partnerships in the shadow. Based on the legacy of Communist traditions, specialists are valued over civil service generalists, thereby contributing to further fragmentation between and within public organizations. At the same time, CEE civil services 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, such as might provide an *esprit de corps* or any other kind of vertical or horizontal common identification and loyalty (Verheijen 1998a). 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, thereby developing rivalry rather than unity within public service.

Unity of public service is particularly important in new democratic countries where experience of a totalitarian regime as well as frequent political and administrative changes may create misunderstandings of the role of civil servants and questioning of political and administrative goals which are broadly accepted in older democracies. A boundary for the unity of public service in transitional public administration is the general instability. Anyone who has experienced 'prisoner's dilemma' types of relationships knows that building trust requires a certain level of stability. As trust sets in after several repetitive interactions between the same partners, a constant change of partners creates a very unfavorable context for collaborative behavior. The same is true for the networks in any public policy domain – an effective operation of these networks depends on the repeated interactions and stability (Peters 1998; Milward and Provan 2000).

A transitional context puts administrations in a perspective where a key challenge is designing and implementing numerous structural policy and administrative reforms requiring constant exchange of information and keeping a strategic view on the cross-suitability of various policies and management tools. Therefore,

the 'Weberian' elements of the 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 Bouckaert 2004) as well as the recognition of a strong state, are particularly relevant for CEE. The development of a unified public service with a distinctive status could offer a backbone for a stabilization of the state apparatus and make civil service less politicized. This would also allow the development of continuity in the public service, identifiable administrative culture and unified standards of conduct. Consequently, the Weberian neutrality of the administrative machinery can be seen as an obligatory precondition to the proper adoption of modern management principles (Temmes et al. 2005).

## **6. Democratic vs technocratic values**

---

Public management is not a value-free exercise. As argued by Samier (2005: 82), by the introduction of NPM principles, the three E's of economy, efficiency and effectiveness have replaced the three C's of traditional administration – conduct, code of ethics and culture.

Indeed, most of the NPM ideas are rooted in bundles of various concepts that often might be contradictory (Peters 2001). Public sector goals can work at cross purposes if they implicitly seek to combine values which, when implemented in concrete policy proposals, conflict with each other. For instance, several 'democratic' goals such as transparency, equal opportunities, access to public services, fair procedures and citizen participation in decision-making may conflict with more 'technocratic' or 'rational' goals such as efficiency, effectiveness, value-for-money or fast decision-making. Effectiveness and efficiency may bring about a decrease in accountability and responsibility and in that way are 'undemocratic' (Debicki 2003). These kinds of contradictions can be especially hard to solve in CEE countries, where the above-mentioned democratic principles are not as deeply held and broadly accepted as in the countries with long democratic traditions. It could be difficult for 'rational' public managers in new democracies to understand the fundamental reasons behind the need for open competition or public procurement procedures, or consultations with citizens, as these exercises are expensive and time-consuming.

CEE governments can thus easily fall into the trap of adopting a cost-concerned and efficiency-oriented approach that can overrun democratic values. Parker and Gould (1999) find it alarming and dangerous that the concept of accountability to the public at large with its multiple dimensions has often changed to accountability regarding financial outcome. Since the philosophy of marketization is often utilitarian – being good equals being cost-efficient and being cost-efficient equals being good –, it may lead to over-concentration on financial efficiency. The situa-

tion will be even more complicated if limited resources bring pressure to bear on governments to give precedence to 'technocratic' goals. Considering the economic problems of the CEE countries, financial criteria can become particularly powerful in the assessment of public sector performance.

The same also applies to the other mantra of NPM – 'client-orientedness' in the public sector. It is apparently easy to shed years of Communist history by mounting popular campaigns proclaiming 'the customer is king' as well as resorting to other methods emphasizing the needs and interests of various groups of costumers. However, it is a dangerous way in countries, where civic education is poor and many citizens are unaware of their rights, to limit the roles of citizens to the roles of clients. Structuring governments' relationships with citizens as a market exchange action can be especially risky in new democracies since a strong and solid system of representative democracy is not in place yet. In situations where citizens regard business actors as more influential than governments (Sootla and Grau 2005: 287), one has to realize that constant negotiation and consultation may seriously undermine the legitimacy of the state. Thus, the still fragile democracies in CEE are likely to profit more from activating (all groups of) citizens rather than clients.

Weak civil society and an autocratic decision-making style deserve special attention in CEE. Radical changes in CEE countries have often required fast decisions and robust action, sometimes at the price of ignoring voices that could have been heard. Many reforms were carried out in a top-down manner early on in the transition. As the whole society has undergone a number of rapid and radical changes, it has been relatively easy for various social groups to accept new initiatives without any major criticism. For instance, public discussion has been missing over most of the conceptual PA dilemmas provided by Pollitt and Bouckaert (2004: 159–181). As a result, a decision-making culture has developed which embodies careless and sometimes even arrogant attitudes towards external recommendations and critique (Randma-Liiv et al. 2008).

The NWS principles bring representative democracy back by arguing for the supplementation (not replacement) of the role of representative democracy with a range of devices for consultation (Pollitt and Bouckaert 2004). This is particularly important for new democracies in strengthening the legitimacy of the state and giving confidence to politicians, public servants as well as to weaker civil society groups via-a-vis strong business actors dominating the civil society. The focus on representative democracy of the NWS is also a basis for controlling and maintaining the stability and competence of public bureaucracy.

## **Conclusions**

---

Public administration reform attempts in CEE have offered a 'textbook example' of conceptual misunderstandings, and a mixture of unfitting administrative solu-



tions and tools. It is likely that for a while, mechanical and technical approaches to PA continue to prevail with low priority assigned to strategic thinking. However, the absence of a basic consensus over policy directions has made the activities of CEE governments unstable: frequent sporadic attempts at reform have created a quite tense atmosphere within governments and skepticism about further changes. Under these circumstances, a conceptual clarification as well as 'informed' thinking about the role of the state are needed for successful PA development.

It is clear from this paper as well as from numerous earlier writings that NPM provides the wrong medicine for the CEE problems. Meanwhile, many of the above-made points refer to the necessity to establish Weberian principles before introducing modern management mechanisms in CEE. This may raise the question of whether a classical Weberian administration would fit CEE even better than the NWS. There are still two main reasons to argue for the better suitability of the NWS than conventional Weberian bureaucracy. Firstly, isolation is impossible in the contemporary world. Even if major NPM reforms are analyzed critically or even faded away in most of the countries so that "[m]ost of us could write the New Public Management's post mortem now" (Lynn 1998: 231), these principles have changed our way of thinking about public administration (Peters 2001: 199–201). Attempts of modernizing public management in highly developed countries will keep influencing developments in the CEE region. And secondly, there is an issue of path dependency in CEE countries. As many fundamental state-building efforts have already been based on NPM-like approaches, the NWS is more realistic to be developed than the traditional Weberian system of public administration. The key for further development in CEE countries is to first ensure the presence of the 'Weberian' elements of the NWS and only then to gradually start building the 'Neo' elements by introducing individual modern management tools.

## References

---

- Ágh, A. 2003. Public Administration in Central Eastern Europe. In *Handbook of Public Administration*, Edited by B. G. Peters, and J. Pierre. London: Sage.
- Debicki, M. 2003. Public Service in a Corporate World: The Dangers of Managerialism as a Tool for Public Administration. In *Delivering Public Services in CEE Countries: Trends and Developments*, Edited by J. Finlay, and M. Debicki. Bratislava: NISPAcee.
- Drechsler, W. 2005a. The Rise and Demise of the New Public Management. *Post-Autistic Economics Review* 33: 14.
- Drechsler, W. 2005b. The Re-emergence of "Weberian" Public Administration after the Fall of New Public Management: The Central and Eastern European Perspective. *Trames* 6: 94–108.

Drechsler, W. 2004. Governance, Good Governance and Government: The Case for Estonian Administrative Capacity. *Trames* 4: 388–396.

Drechsler, W. 1995. Estonia in Transition. *World Affairs* 157 (3): 111–118.

Dunn, W., and D. Y. Miller. 2007. A Critique of the New Public Management and the Neo-Weberian State: Advancing a Critical Theory of Administrative Reform. *Public Organisation Review* 7: 345–358.

Grindle, M. S. 1997. The Good Government Imperative: Human Resources, Organizations, and Institutions. In *Getting Good Government: Capacity Building in the Public Sectors of Developing Countries*, Edited by M. S. Dringle. Harvard Institute for International Development.

Holmes, L. 1997. *Post-Communism: An Introduction*. Cambridge and Oxford: Polity Press.

Jenei, G. R., and Á. K. Szalai. 2002. Modernizing Local Governance in a Transitional Nation: Evaluating the Hungarian Experience. *Public Management Review* 4 (2): 367–386.

König, K. 1992. The Transformation of a “Real Socialist” Administrative System into a Conventional Western European System. *International Review of Administrative Sciences* 58: 147–161.

Lember, V. 2004. Limiting Aspects of Contracting out in Transitional Countries: The Case of Estonian Prisons. *Public Administration and Development* 24 (5): 425–435.

Lynn, L. E. 1998. The New Public Management: How to Transform a Theme into a Legacy. *Public Administration Review* 58 (3): 231–237.

Milward, H. B., and K. G. Provan. 2000. Governing the Hollow State. *Journal of Public Administration Research and Theory* 10 (2): 359–379.

Nemec, J. 2001. Competitive Contracting: Problems and Potential in the Public Sector Reform Process in CEE. In *Government, Market and the Civic Sector: the Search for a Productive Partnership*, Edited by G. Wright. Bratislava: NISPAcee.

Newland, C., G. Jenei, and L. Suchorzewski. 1999. Transitions in the Czech Republic, Hungary and Poland: Autonomy and Community among Nation-States. In *The Modern State and its Study: New Administrative Sciences in a Changing Europe and United States*, pp. Edited by W. Kickert, and R. Stillman. Aldershot: Edward Elgar.

Parker, L., and G. Gould. 1999. Changing Public Sector Accountability: Critiquing New Directions. *Accounting Forum* 23 (2): 109–135.

Peters, B. G. 2001. *The Future of Governing*. 2<sup>nd</sup> ed. Kansas: University Press of Kansas.

- Peters, B. G. 1998. Managing Horizontal Government: the Politics of Co-ordination. *Public Administration* 76: 295–311.
- Pollitt, C., and G. Bouckaert. 2004. *Public Management Reform. A Comparative Analysis*. 2<sup>nd</sup> ed. Oxford: Oxford University Press.
- Randma-Liiv, T., D. Liiv, and Ü. Lepp. 2008. Institutionalising Relationships between Government and the Third Sector. In *The Third Sector in Europe: Trends and Prospects*, Edited by S. Osborne. London and New York: Routledge.
- Randma-Liiv, T. 2005. Demand- and Supply-Based Policy Transfer in Estonian Public Administration. *Journal of Baltic Studies* 36 (4): 467–487.
- Samier, E. 2005. Toward a Weberian Public Administration: The Infinite Web of History, Values, and Authority in Administrative Mentalities. *Halduskultuur* 6: 60–94.
- Schick, A. 1998. Why Most Developing Countries should not Try New Zealand's Reforms. *World Bank Research Observer (International)* 13: 23–31.
- Sootla, G., and K. Grau. 2005. Institutional Balance in Local Government: Council, Mayor, and City Manager in Local Policymaking. In *Faces of Local Democracy. Comparative Papers from Central and Eastern Europe*, Edited by G. Soos, and V. Zentai. Budapest: OSI/LGI.
- Temmes, M., B. G. Peters, and G. Sootla. 2005. The Governance Discourse in Three Countries: A Comparison of Administrative Reform Activities in Finland, Estonia and Russia. In *Institutional Requirements and Problem Solving in the Public Administrations of the Enlarged European Union and its Neighbours*, Edited by G. Jenei, A. Barabashev, and F. van der Berg. Bratislava: NISPAcee.
- Verheijen, T. 1998a. Public Management in Central and Eastern Europe: The Nature of the Problem. In *Innovations in Public Management: Perspectives from East and West Europe*, pp. Edited by T. Verheijen and D. Coombes. Cheltenham: Edward Elgar.
- Verheijen, T. 1998b. NPM Reforms and other Western Reform Strategies: The Wrong Medicine for Central and Eastern Europe? In *Innovations in Public Management: Perspectives from East and West Europe*, Edited by T. Verheijen, and D. Coombes. Cheltenham: Edward Elgar.



# The Concept of the Neo-Weberian State Confronted by the Multi-Dimensional Concept of Governance

*Martin Potůček<sup>1</sup>*

## Introduction

The Centre for Social and Economic Strategies (CESES) applied the multidimensional concept of governance in an empirical analysis of the development of the Czech Republic after 1989. The research focused on strategic qualities and capacities of governance. (Potůček et al. 2007, Potůček 2008). Having been invited to participate in the First NISPACEE-EGPA Trans-European Dialogue (Tallinn, January 2008), I thought we ought to confront this concept with that of the Neo-Weberian State. Why? Neither states nor public administration rules and agendas develop in a vacuum; we are witnessing rapid and profound societal, cultural, economic, and political changes, which create a cognitive challenge to both concepts. Even more so in the post-communist countries, with their return to democratic principles, replacement of the old cadres by new (sometimes poorly educated) administrative elites, the mass-scale and fast privatization, newly acquired national sovereignty, etc. Thus, I hoped that juxtaposing two streams of theoretical reasoning and the empirical evidence acquired by them might bring some interesting and hopefully inspiring results.

This paper offers the result of such experimentation. It starts with the presentation of the multi-dimensional concept of governance, and, in its second part, it confronts that with the neo-Weberian concept of state (Pollitt and Bouckaert 2004, Drechsler 2005, Pollitt 2008). The Central and Eastern European region's development after 1989 serves as a source of empirical evidence for the clarification of neuralgic points and tensions between the applications of both concepts.

---

<sup>1</sup> Professor of Public and Social Policy at Charles University in Prague, Faculty of Social Sciences and Head of the Center for Social and Economic Strategies, Prague, Czech Republic.

## **1. The Multi-Dimensional Concept of Governance**

---

I refer to three rather general approaches to the conceptualization of the term. According to Dror (2001: xi), governance means the "... collective capacity to influence the future for the better." Salamon (2002: 19) defines governance by identifiable methods through which collective action is structured to address a public problem, i.e. 'tools of public action.' Yet another definition suggests to understand governance as "... a system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It operates at every level of human enterprise." (Governance 2000, quoted in UNDP (2002: 1))

Given its relational nature, the notion of governance is "...unlikely ever to be defined in ways which are so general that they will have universal validity". (Bovaird 2005: 220)

A brief overview of the available literature already reveals certain preconditions of a sound analysis that are shared by most theoreticians: namely that governance is a holistic, multidimensional concept. At the same time, many add, it is also foggy and fuzzy.

The holistic approach is certainly much easier declared than applied in research practice. There is a necessary second step of its application – defining the components of the whole to be studied.

The multidimensional approach makes it possible to identify all relevant aspects of the complex phenomenon studied, and to decide later, which of them should be taken into consideration when approaching a specific cognitive problem in a rigorous scholarly manner.

The three lowest common denominators identified in various definitions of governance, which I will develop further, are: vertical layers of governance, three regulators (market, state and civic sector) interacting with each other, and actors' networks and networking. (Potůček et al. 2007, Potůček et al. in print)<sup>2</sup>

### **1.1 Vertical Layers of Governance**

The age of sovereign nation-states is over, at least in Europe (if indeed there ever was one at all). Governance is still to a large extent executed at the national level. Nevertheless, its increasing shares go either upward to the supra-national level (especially to the level of the European Union – e.g. the rule of law) or downward to the sub-national (especially regional) level. (Zürn and Leibfried 2005: 25; Pierre and Peters 2000) The need to cope with the increasing complexity of policy-making processes gives rise to the concept of multi-level governance (MLG). (Bovaird 2005:

---

2 We have also identified other, more specific, resources and qualities of governance. As they are associated with its strategic parameters, I will not consider them for the purpose of this paper.

219) Veselý (2004: 16) adds up the global level of governance that is still in statu nascendi. (Dror 2001)

The trends of this development are not clear. It is not possible to identify a standard development for the

(nation-)state, although one is moving toward a situation of structural uncertainty. The term 'post-national' defines a new constellation only in the negative sense, as something that has ceased to exist. (Zürn and Leibfried 2005: 26) At most, there is the broad concept of devolution of the nation-state as a whole, proceeding on to a mediated 'state without sovereignty', similar to the federal subunits in the U.S. (states) or Germany (*Länder*) in the 19<sup>th</sup> century. (Stolleis 2004: 26)

The recent transitions of public administration in the Central and Eastern European countries, which have shifted considerable responsibilities from the central to regional and municipal levels of public administration, and the EU's enlargement, which shifted certain parts of sovereignty of the new Member States to Brussels, is a good example of this tendency.

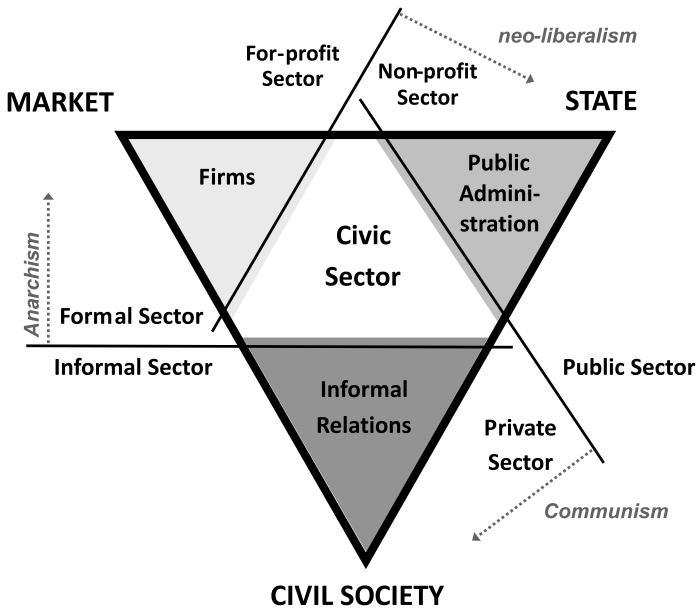
It should be noted that particular layers are not constituted by public administration only; there are other relevant actors who contribute to the content and form of governance at particular layers (e.g. European civic sector organizations as partners of the European Commission and the European parliament). Also the relationships between the layers are not necessarily based on hierarchical subordination exclusivity (e.g. the European policy of regions, sometimes interpreted as an effective strategy of the European Commission how to bypass national governments).

## **1.2 Three Interacting Regulators – Market, State and Civic Sector**

The influence of the market, state, and civic sector on public life and the impact of their mutual interactions – sometimes synergic, sometimes contradictory – is carefully studied by social scientists. Nowadays, it is almost a *trivium* to assure that governments cannot fulfil their tasks alone without the engagement of the other two regulators in public life. The concept of governance based on such presupposition is sketched in Figure 1.

Peters (n.d.: 22) pointed out the core of this approach in the following way: "... a basic concept of governing that involves building, within the public sector, a capacity for collective goal-setting and a capacity for steering the economy and society to reach these goals. Such a concept need not, and increasingly is not, based on a hierarchical imposition of rule from the centre, but it does involve an ability to translate goals and ideas into action. Governance may be created in conjunction with individuals and organizations in the private sector and indeed may rely heavily on those instrumentalities for their success."

**Figure 1**  
The regulators – market, state and civic sector – interacting.



Source: Abrahamson (1995); modified by author

Kooiman studies the state, market and civil society as institutions which he feels are situated in the intermediate position in societal governance. Nevertheless, he has defined a special role for the state: "...the state, the market and civil society each represent specific societal needs and capacities. As long as the state is expected to intervene where the other institutions fail, it will remain playing the 'all-round' role in representing the society in governance". (Kooiman 2003: 167) In the same context, Veselý (2004: 18) offers the concept of government with "structured interactions" within market and civic society. For similar entities, Benáček (2005) suggests the terms 'markets', 'hierarchies' and 'kinships'. Analysing the role of the state and the market and civil society in post-communist countries, I prefer here, instead of the rather all-embracing term 'institutions', a more specific term, 'regulators'. (Potůček 1999)

Peters (n.d.: 34) analyses the danger of capturing the state by either the institutional representatives of the market or the civic society: "A standard critique of most patterns of linkage between State and society is that the State, or at least some organizations within the State, become ensnared by societal interests. That can indeed be a problem but need not be if the institutions for linkage are designed carefully."



This concept of governance is based on the presupposition that the sharing of ideas and information needs to go not only from civil society toward government but also the other way round. "That is, individual citizens and organizations in society are not able to participate effectively if government is not transparent and does not make enough of its information and thoughts about the direction of future policy available to citizens." (Citizens as Partners 2001, wording by Peters n.d.: 35)

The market-state-civic-sector media regulative square is at the core of the conceptual grasp of governance. It represents an enormous challenge to social scientists: "The problem of mapping influence patterns now seems even greater with the growing interest in the behaviour of 'complex adaptive systems' in which intensive and ever-changing system interactions, with non-linear characteristics, give rise to non-predictable but self-organizing outcomes (Haynes, 2003), although it is still unclear how well such models apply to decision-making in the public domain." (Bovaird 2005: 218) There is an obvious imbalance between the nation-state's embedment and the global operation of the market, the media and, to a non-negligible extent, the civic sector as well. (Thompson 1995) "The Club of Rome-esque approach emphasises alternatives in which global democracy, the global market economy, and a harmonious global civilization (instead of hierarchy of any type) form the only sustainable basis for the politics of humanity. So far these kinds of social limits have been successfully set up only on the level of the nation state and, as such, with limited results. These achievements alone have required several centuries to emerge. What would be the means and joint efforts that could hasten similar progress on global level?" (Neuvonen 2005: 18)

The Central and Eastern European countries provide fertile ground for natural experimentation within this dimension.<sup>3</sup>

### **1.3 Actors' Networks and Networking**

The spread of democracy around the globe in the late 20<sup>th</sup> century, coupled with an upsurge in the new information and communication technologies, has inspired some scholars to develop the concept of a network society, interpreted as the embodiment of a new historical trend: "Dominant functions and processes in the information age are increasingly organized around networks. (...) The new information technology paradigm provides the material basis for (their) pervasive expansion throughout the entire social structure. (...) Presence or absence in the network and the dynamics of each network vis-à-vis others are critical sources of domination and change in our society." (Castells 2000: 469) No more are the basic units of analysis, the actors, involved in governing processes, but "...the network, made up of a variety of subjects and organizations relentlessly modified as networks, adapts to supportive environments and market structures." (ibid: 198) According to Rhodes

---

<sup>3</sup> More on this concept and its application to post-communist societies can be found in Potůček 1999.

(1997: 15), inter-organizational networks can rely on interdependence, resource exchange, self-organizing, respect for the rules of the game, and significant autonomy from the state. Kooiman (2003) distinguishes networks as one type of governance (along with communicative governance, public-private partnerships and co-management).

Networking is dear to the hearts of the Central and Eastern Europeans. Networks (such as Solidarity in Poland) were the political instrument that finally destroyed the tough and rigid hierarchical structures of communist party-states. Thus, there is a good deal of understanding for the role of interactive networking in this region. (Kovač 2004: 16)

Some authors have coined the term ‘policy networks’ (see Bovaird 2005: 218) or prefer to speak about ‘information networks.’ (El Hassan 2005: 1)

Salamon (2002: 9) suggests that the network is the opposite of hierarchy and classical concepts of public administration. The network theory argues that the standard relationship among the actors involved in a network is one of interdependence. Thus, no single actor can enforce its will upon others. This is due to the four crucial attributes that commonly characterize policy networks, making the task of network management very demanding. The four attributes are:

- their pluriformity – a range of diverse organizations with limited experience cooperating with each other,
- their self-referentiality – each actor has its own interests and approaches the relationship with a different set of perspectives and incentives,
- their asymmetric interdependencies,
- their dynamism.

As a consequence, the task of securing concerted actions within networks that are composed of a plurality of actors becomes a major administrative challenge. (ibid: 13)

A better understanding of the place and role of the actors’ networks in contemporary governance exposes analysts to one of the major challenges. Without it, one of its key dimensions will be overlooked. They take the form of horizontal, mostly informal ties of collaboration and concerted action; they emerge and operate around various agendas, interests and problem areas. They cannot be automatically associated with positive societal outcomes – see some examples in the following section.

## **2. Can the Multi-Dimensional Concept of Governance Bring some Inspiration to the Neo-Weberian Concept of State?**

---

Are these two concepts, i.e. the multi-dimensional concept of governance and the Neo-Weberian concept of state, compatible, complementary or contradictory? Be-

fore answering this question, let us quote some real-life, evidence-based examples of their parallel application to the attention of scholars. I will provide some examples from the Central and Eastern European region, associated with all three dimensions of governance identified above.

## **2.1 Vertical Layers of Governance and the Neo-Weberian State**

The competitive pressure of a globalized market exerts an increasing pressure to nation-states. Confronted with the increasing power of the actors of the globalized market, namely multinational corporations, they are losers of economic globalization in a developmental comparative perspective. They are deprived of some traditional instruments of governing, and are exposed, at the same time, to emerging tasks they are not able to solve alone. Thus, they have to seek efficient alliances with other nation-states to join resources and skills and coordinate their functioning. The process of European integration within the development of the European Union is an example of rational reaction to these pressures. But it is not without controversies:

- In some instances, the European Commission uses its “Europe of Regions” policy to circumvent national administrations by direct collaboration with regional administration;
- There is a switch from direct steering to indirect regulation between the various vertical layers of governance. The European Union applies the Open Method of Coordination in the fields where its regulatory framework does not allow for direct intervention (such as the labour market policy or social protection). There is a considerable pool of passive resistance at the national level of public administration against such forms of informal, “soft” intervention; (Potůček 2006)
- The psychologically and culturally very short historical period between the liberation of Central and Eastern Europe from Soviet dominance, and tasks and duties stemming from the full-fledged EU membership invites old-fashioned nationalist resentments. The European Union is perceived by some strata of the population as an illegitimate new ruler simply replacing an old one, and an enemy of a newly-born sovereign nation-state.

It is safe to say that internationally induced policy tasks are often opposed by a wall of misunderstanding, incompetence, internal strife, and political opportunism both at the national and regional levels. A classic example of this is the fate of three consecutive sustainable development strategies, with only the last of them passed by the Czech government long past the deadline it had pledged to honour. Jabůrková and Mátl (2007: 290) observe from another policy field that “... the execution of the European Employment Strategy in the framework of MLG ... does not implement the principles of good governance, and does not produce the features of strategic planning and management.”

## **2.2 Three Interacting Regulators – Market, State and Civic Sector – and the Neo-Weberian State**

The collapse of Soviet-style communism provides us with the empirical example of inefficiency of governance based on an all-embracing administrative system, associated with a highly centralized political power. Experimentation with the recipes of the Washington Consensus of the 1990s, taking for granted virtually all-embracing market regulation with its detrimental social and economic consequences in Latin America, Central and Eastern Europe (Randmaa-Liiv 2008) and elsewhere, could serve as an empirical example of the opposite failure. The modern history of humankind can be viewed as a never-ending effort to reach some productive, dynamic balance between these two core regulators – complemented by the civic sector, which can gain more importance especially in times of historic upheavals (such as a series of revolutions in Central and Eastern Europe in the 1990s). Can the state be separated from the market, or the civic sector, for that matter? It is probably hard to overestimate the relevance of their interactions and interdependencies:

- The market is insatiable, for the sake of its effective functioning, for a supportive institutional and regulatory framework from the state. Economic policies, policies of education, innovation, research and development, tailored policies for small and medium-size enterprises, competition policies, public bail-out of collapsing banks and construction companies, all this can be associated with the functions the state is providing to the business community;
- One can see growing collaboration between the state authorities and the civic sector (deliberation, participation). They share information, pursue common projects, develop and implement common policies; NGOs are required to perform defined public duties. NGOs often have the power to veto some public agendas; they can initiate public policies which would not be launched without their persistence and encouragement;
- There is an increasing variation of institutional hybrids that are neither public authorities nor private (for-profit, non-profit) agencies (such as QUANGOs);
- There are broader opportunities for free-riders to boost illicit profits wherever the neo-Weberian state is non-existent or just inefficient.

It is increasingly difficult to identify “pure” public administration bodies and functions in such an environment; in the societal life, contamination of the state in the regulatory pool market-state-civic sector is on the increase.

## **2.3 Actors’ Networks and Networking and the Neo-Weberian State**

It is especially in light of the new possibilities, brought about by the new information and communication technologies, and with the decreasing relevance of traditional national borders, that one can identify non-orthodox, innovative patterns of horizontal co-ordination, co-regulation, co-steering and initiative taking. Associ-

ated with this process are the blurring boundaries of responsibilities between public and private actors, as well as new forms of endangering the public order:

- Ever-spreading issue-specific political networks cross all traditional boundaries, enter public spheres and influence public decision-making processes;
- There are many examples of socially pathological forms of regulation that abuse networking, such as crime chains, the mafia and corruption.

The preliminary findings from the Central and Eastern European region suggest that socially productive networking is not the decisive vehicle of governance there. Two conditions should be met to make networking socially productive:

- a) The government must take its partnership with civic sector organizations seriously and create sufficient administrative capacity to interact with them;
- b) There must be a competent, cohesive group of professionals and experts to engage in the effort to raise the corresponding agenda.

These conditions are seldom fulfilled. On the other hand, the incidence of socially pathological forms of networking is higher in this region compared to the Western European democracies. (Jenei 2008)

## **Conclusions**

---

This paper tries to match two theoretical perspectives, one stemming from the public policy stream of reasoning, and the other following the public administration tradition: the juxtaposition of the multidimensional concept of governance and the Neo-Weberian concept of state. This confrontation yields a set of not-yet-fully-answered questions which might be of some interest to scholars from both sides of the First NISPAcee-EGPA Trans-European Dialogue.

It is the right time to come back to the original question. Are the concepts of multidimensional governance and the Neo-Weberian State compatible, complementary or contradictory? My qualified answer, based on the multidimensional compartmentalization of the concept of governance and the association of the three dimensions with the concept of the Neo-Weberian State, is as follows:

1. They are compatible since they operate at various levels of abstraction.
2. They are complementary as the concept of the Neo-Weberian State complements the concept of governance where it deals with the state as an important element of governance.
3. They are not contradictory if applied in a broader cognitive context – the disciplinary perspectives of public policy and public administration.

The main paradox of the contemporary governance and administration is that governments are expected to solve ever more challenging and complex tasks in an increasingly interdependent world with ever less direct power and control at their disposal. The only rational response to this tension is to develop tools of public action that will be more effective but with less direct control and involvement. Let us have some examples: organizing public discussions on important issues of public life; setting up strategic priorities; mutual learning, encouragement and support between public and private bodies and actors; implementing general regulative frameworks and relying on interactive networks. The application of all these approaches is vitally dependent on sound coordination, based on the holistic conception of both social reality – and public action.

## References

---

- Abrahamson, P. 1995. Welfare Pluralism: Towards a New Consensus for a European Social Policy? *Current Politics and Economics in Europe* 5 (1): 29–42.
- Benáček, Vladimír. 2005. Three Dimensions of Modern Social Governance: Markets, Hierarchies, and Kinships. Paper presented at the 13<sup>th</sup> NISPAcee Annual Conference, 19–21 May, in Moscow, Russia.
- Bovaird, T. 2005. Public Governance: Balancing Stakeholder Power in a Network Society. *International Review of Administrative Sciences* 71 (2): 217–229.
- Castells, M. 2000. *The Rise of the Network Society*. Oxford: Blackwell.
- Citizens as Partners: Information, Consultation and Public Participation in Policy-making*. 2001. Paris, OECD.
- Drechsler, Wolfgang. 2005. The Re-Emergence of “Weberian” Public Administration: The Infinitive Web of History, Values, and Authority in Administrative Mentalities. *Halduskultuur* 6: 94–108.
- Dror, Yehezkel. 2001. *The Capacity to Govern*. London: Frank Cass.
- El Hassan bin Talal 2004. The Challenge of Informed Humanity from “Infosphere” to “Cogitosphere”. Paper delivered at the Annual Conference of the Club of Rome, 11–12 October, in Helsinki, Finland.
- Governance for Human Development*. 2000. UNDP FRY, December.
- Jabůrková, Milena, and Ondřej Mátl. 2007. Evropská strategie zaměstnanosti a dobrá veřejná správa ve víceúrovňovém vládnutí v České republice, In *Strategické vládnutí a Česká republika*. Edited by Potůček, Martin et al. Praha: Grada.
- Jenei, György. 2008. Reforms in Public Administration and the Transition to Democratic Rechtsstaat. Paper presented at the First NISPAcee-EGPA Trans-European Dialogue, 31 January–1 February, in Tallinn, Estonia.

- Kooiman, J. 2003. *Governing as Governance*. London: Sage.
- Kovač, P. 2004. The Principles of Good Governance with an Emphasis on Slovenia within European Union. Paper presented at the EGPA Annual Conference “Four months after: Administering the New Europe”, Ljubljana, Slovenia.
- Neuvonen, Aleksii, ed. 2005. *Hostages of the Horizon. The Twin Challenge of Ignorance and Indifference*. Review on issues raised in the Club of Rome 2004 Annual Conference. Helsinki: Finnish Association for the Club of Rome.
- Peters, B. G. n.d. *Developing Strategic Policy Capacity in Government. Thinking the Unthinkable: From Thought to Policy*. Bratislava: UNDP.
- Pierre, J., and G. Peters. 2000. *Governance, Politics, and the State*. New York: St. Martins Press.
- Pollitt, Christopher. 2008. TED1: Synthesis Comments on Propositions. Paper presented at the First NISPAcee-EGPA Trans-European Dialogue, 31 January–1 February, in Tallinn, Estonia.
- Pollitt, Christopher, and G. Bouckaert. 2004. *Public Management Reform. A Comparative Analysis*. 2<sup>nd</sup> ed. Oxford: Oxford University Press.
- Potůček, Martin, ed. 2008. *Capacities of Governance in the Czech Republic*. Prague: Matfyzpress.
- Potůček, Martin. 2007. *Strategické vládnutí a Česká republika*. Praha: Grada. (The English version in print: *Strategic Governance and the Czech Republic*. Prague: Karolinum.)
- Potůček, Martin. 2006. Does the Lisbon Strategy matter? The Czech Experience. In *Reforms in Lisbon Strategy Implementation: Economic and Social Dimensions*, Edited by V. Samardžija. Zagreb: IMO & FES.
- Potůček, Martin 1999. *Not Only the Market: The Role of the Market, Government, and Civic Sector in the Development of Postcommunist Societies*. Budapest: CEU Press.
- Randmaa-Liiv, Tiina. 2008. New Public Management versus Neo-Weberian State in Central and Eastern Europe. Paper presented at the First NISPAcee-EGPA Trans-European Dialogue, 31 January–1 February, in Tallinn, Estonia.
- Rhodes, R.A.W. 1996. The New Governance: Governing without Government. *Political Studies* 44: 652–667.
- Salamon, L. M., ed. 2002. *The Tools of Government. A Guide to the New Governance*. Oxford: Oxford University Press.
- Stolleis, M. 2004. Was kommt nach dem souveränen Nationalstaat? Und was kann die Rechtsgeschichte dazu sagen? In *European and International Regulation after the Nation State*, Edited by A. Héritier, A. M. Stolleis, and F. W. Scharpf. Baden-Baden: Nomos.

*Strategic Round-Table on Governance Transition in the Federal Republic of Yugoslavia Serbia and Montenegro.* 2002. Belgrade, UNDP.

Thompson, J. B. 1995. *The Media and Modernity: A Social Theory of the Media.* Oxford: Polity Press and Blackwell.

Veselý, Arnošt. 2004. Governance as Multidimensional Concept. In *Understanding Governance: Theory, Measurement and Practice*: 11–23. Edited by Martin Potůček. CESES Papers 5.

Zürn, M., and St. Liebfried. 2005. Reconfiguring the National Constellation. *European Review* 13 (Supp. 1): 1–36.



## **Conclusion: Towards the Neo-Weberian State? Perhaps, but Certainly Adieu, NPM!**

---

*Wolfgang Drechsler<sup>1</sup> and Rainer Kattel<sup>2</sup>*

Are we, or so the question had been at the outset of the first Trans-European Dialogue, on the way towards the Neo-Weberian State (NWS)? The answer, not exactly surprising for a high-level conference of scholars, experts and professionals, was: It depends. It depends on the definition of the NWS, on the nature – is it a model, a matrix, a research agenda? –, on the countries or regions in question, on the normative vs. empirical aspects, and of course on the individual conception and the extent to which New Public Management (NPM) fits into one's own research agenda.

The idea of TED was, as the name says, to bring together people from 'East' and 'West' and indeed, perhaps somewhat surprisingly, it was clear that a larger majority of participants from Central and Eastern Europe (CEE) were in favour of the NWS than of those coming from the 'Old West'. However, this difference seems to be founded in the very concept of the NWS and its genesis. In order to sum up the discussions at TED, we can draw three key conclusions:

First, the NWS as an empirical concept has a distinctive background in Continental European developments and incorporates in many ways the European answer to economic globalization. Indeed, as Pollitt described the process how the concept of NSW was born, when analyzing Continental reform efforts in the late 1990s and early 2000s, it become clear that these activities could not be placed on a simple more NPM – less NPM scale. Instead, the Continental reforms, while varying to a significant degree between countries, were based on three fundamental premises according to Bouckaert:

- 1) to keep the state as the primary framework;
- 2) to use the law as the steering instrument of the framework; and
- 3) to not experiment with state, administration and other such important issues.

---

1 Professor and Chair of Governance at Tallinn University of Technology, Estonia.

2 Professor and Chair of Innovation Policy and Technology Governance at Tallinn University of Technology, Estonia.

The Continental states more or less accept a strong state and seek to modernize it, rather than to minimize it (in contrast to the Anglo-American countries). Thus, looking at the empirical aspects of the NWS concept, one can conclude with Pollitt that the NWS is a political response to some of the forces of globalization that attempts to preserve the European social model directly threatened by the processes of globalization. The “neo” elements preserve the main part of the traditional Weberian model and modernize it (which, again, can take various context- and country-specific forms). The NWS does not say whether it works but brings out the political mood and the incremental changes specific to the context of Continental Europe. Thus, it would not be correct to call the NWS a strategy (since the changes have been incremental) but a political orientation. Empirically, the basis of the NWS remains the Weberian structure to which some of the NPM elements have been added (rather than Weberian elements added to NPM).

Second, while the NWS has clear empirical origins, in recent years the concept has also obtained a strong normative meaning for middle-income and less-developed countries (e.g., CEE), where it serves as a critical reminder that before public administration (PA) modernization (such as NPM reforms), one needs Weberian PA that can be modernized, and that there is a clear linkage between sustained economic growth and Weberian PA. Indeed, as numerous participants argued during the discussions, there is a whole thread of recent publications that point out that if NPM reforms were to work well at all, they would only do so on a strong Weberian basis – an aspect that implies complementarities between Weberian PA and NPM. Ironically, it appears that NPM cannot be successful, if at all, without a traditional, solid, stable, neutral bureaucracy. This, however, has huge connotations for CEE and also for many Southern European countries where NPM-style reforms abound, yet solid Weberian structures are hardly in place. As Ongaro, Spanou and others stressed in the discussion, for such states, Weberian reforms are normatively desired, and this makes the NWS a very attractive explicit reform strategy for these countries. This is strongly corroborated by the empirical connection between Weberianism and sustained economic growth. (See Evans and Rauch 1999)

Indeed, the NWS seems to be the perfect match for an innovation-based society, contrary to NPM. Innovation in the general interest, rather than that of an individual entrepreneur, is a question of successful innovation policy, and who should implement that if not the administration? *L'innovation, une affaire d'état*, as Claude Rochet succinctly put it (2007). To put it simply, innovation-based economy asks for, draws upon, and requires a highly competent, long-term-oriented, dedicated and enabled civil service to implement it, not without the societal actors either, but certainly not without public administration. If we follow Carlota Perez' great surges theory and her model of Techno-Economic Paradigm Shifts (2002), we can also observe that, as we are in the middle of the ICT paradigm and heading towards a new one in the distance, at this moment, after the collapse and before heading towards “synergy,” state and administration are expected to take up their great tasks

again and the anti-state climate of the earlier installation period of ICT is, or should be, over. And whatever the new leading technology will be – nanotech, biotech, convergence or something completely different –, its setup will require a particularly capable state actor and a science and technology policy implemented by a civil service that is denoted by long-term thinking, high competence, and tolerance for mistakes – the opposite of NPM. (Drechsler 2008) In other words, the period in history we are now entering, and this goes for the next 20–30 years, is bound to be much more state-friendly than the 1990s, and the NWS seems to be one of the most interesting theoretical and normative answers to the question of how to govern or steer (as argued also by Peters in the discussion) a complex innovation-based society. However, as Pollitt posed the question, is it possible to establish Weberian PA after we have tried to create NPM in a place where Weberian PA was missing at first? In sum, while the NWS might be normatively desired in CEE countries and elsewhere, we have fairly little theoretical and empirical knowledge how to actually go about and “produce” it.

Third, as the NWS is a concept with both clear empirical and normative facets, it becomes evident that the very concept of modernization or change in PA (and the NWS is part of this process) needs serious theoretical development if we are to avoid change for the sake of change as seems to have been the case with so many NPM-inspired reforms. Indeed, the idea of modernization itself should be clarified, what does ‘modern’ really mean? More often than not, PA reform documents but also PA scholarship appear to rely on highly reductionist and completely vague idea of modernization (e.g. better service provision). In any meaningful sense in this context, ‘modern’ can not mean anything specific, but ‘in line with the times’, ‘in line with the current situation.’ ‘Modern’ in the sense of ‘new’ is surely not only an ambiguous, but also a highly ambivalent concept by now, after the experiences of the 20<sup>th</sup> century – would a totalitarian shift away from democracy be better simply because of being the new thing? What, if not ‘appropriate for the circumstances of the times’, could ‘modern’ mean except merely ‘fashionable’? What would be bad about an appropriate, well-working, traditional solution? What is appropriate, however, depends on the times and the situation, and the problem is that the vast majority of claims in documents surrounding public administration use ‘modern’ to denote a concept that is exactly *not* in line with times and situation at all. The most powerful element of NPM, perhaps, was that it was “new”. It sounded hip and cool and in administrative reforms, there is often an emphasis on fashion. However, today this may very well be said about the NWS as well. As Pushkarev argued in the debate, Russia and other countries where democracy has a difficult stance would also applaud the idea of a strong modernizing state or the NWS. That is, starting with the idea of a strong state may be too one-sided for such a context; it may send a wrong message about modernization, and this means that we need to include the aspects of civic society and participation in the discussion. In that sense, it could be argued that the NWS presupposes a viable democracy next to the Weberian bureaucracy.

In sum, NPM, it turned out, did not really have any defenders left in Tallinn. And even those participants usually grouped with NPM conceded that NPM is not based on current economics and business administration but rather on simplified or outdated versions. (Hence, a sizable criticism of NPM on the highest level comes precisely from those who would like PA to learn from economics.) This is why respective economic and especially management-theoretical insights could only establish themselves after the end of the dominance of NPM, which as a 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 behaviour: yet, such behaviour can only develop in genuine and not in quasi- (i.e. pseudo-) markets. (See König 2001: 6–7) Another example is the problem of the concept of performance pay vis-à-vis the demands of multitasking and motivation through identification with the organization (Akerlof and Kranton 2003: esp. 9–11, 27–29). But as Lawrence Lynn, Jr., pointed out during the discussion, if any concept in the social sciences is disproved, it is that of performance pay – and yet, it is politically pushed and implemented.

So, the NWS might not be the way of the future, at least not everywhere, in every form, and in every respect, but NPM is certainly dead – not as dead as a door-nail, perhaps, but among scholars not a viable option anymore. And this was long before the events of the Fall of 2008 that really hit home to the public discourse of even the most die-hard neo-liberal that to give up on the state was premature, to say the least. Nothing has become clearer than the strong time dimension of NPM. In that sense, the criticism towards the NWS that it is too close to NPM (such as by Samier) is justified to the extent that it does co-opt positive elements of NPM, but on a Weberian foundation, i.e. that both are asymmetrically *aufgehoben*.

The NWS was intended as an empirical-analytical, not as a normative model, and one of its creators, Pollitt, is quite self-critical about several of its aspects, but it stands so far as one explanatory model of what is going on in Europe, and it does not throw good managerialist – and participatory – babies out with the NPM bathwater. It does still form a research agenda, but in lieu of anything better, it significantly helps our understanding of contemporary public administration. And as regards the needed additional research – let's get to it!

## References

---

Akerlof, George A., and Rachel E. Kranton. 2005. Identity and the Economics of Organizations. *Journal of Economic Perspectives* 9 (1): 9–32.

Drechsler, Wolfgang. 2008. nanoGov – Nanotechnologie, Governance und Verwaltung. In *Nanotechnologie – Grundlagen, Anwendungsfelder, Regulierung*. Edited by Arno Scherzberg and Joachim Wendorff. Berlin, New York: de Gruyter, in press.

Evans, Peter, and James E. Rauch. 1999. Bureaucracy and Growth: A Cross-National Analysis of the Effectiveness of 'Weberian' State Structures on Economic Growth. *American Sociological Review* 64: 748–765.

König, Klaus. 2001. Zum Governance-Begriff. In *Governance als entwicklungs-politischer Ansatz*: 1–9. Edited by Klaus König and Markus Adam. Speyer: Forschungsinstitut für öffentliche Verwaltung.

Perez, Carlota. 2002. *Technological Revolutions and Financial Capital: The Dynamics of Bubbles and Golden Ages*. Cheltenham, Northampton, MA: Edward Elgar.

Rochet, Claude. 2007. *L'innovation, une affaire d'état*, Paris: L'Harmattan.



## **Information for Contributors**

The *NISPAcee Journal of Public Administration and Policy* is dominantly devoted to public administration and public policy issues in Central and Eastern Europe. Theoretical and empirical papers with some focus on the region are the main target for the Journal, however specific cases might be considered.

### ***Papers***

Decisions about the publication of a manuscript are based on the recommendation of the editor-in-chief and an additional review process conducted by two appropriate specialists from a relevant field.

Submissions should not have been published previously and should not be under consideration for publication elsewhere. Papers presented at a professional conference qualify for consideration. The submission of manuscripts that have undergone substantial revision after having been presented at a professional meeting is encouraged.

### ***Standard Structure of a Paper***

#### ***Title***

The title should be a brief phrase adequately describing the content of the paper.

#### ***Abstract***

An abstract is a summary of the information in a document. The abstract should not exceed 250 words. It should be designed to clearly define the contents of the paper. The abstract should: (i) state the principal objectives and scope of the research; (ii) describe the methodology employed; (iii) summarise results and findings; and (iv) state the principal conclusions. References to literature, bibliographic information, figures or tables should not be included in the abstract.

#### ***Introduction***

The introduction should supply sufficient background information on the topic and also provide the rationale for the present study. Suggested guidelines are as follows: (i) the introduction should first clearly present the nature and scope of the problem that was researched; (ii) it should provide an overview of the pertinent literature used; (iii) it should state the research methodology employed and, if necessary, the reasons for using a particular method.

#### ***Core text***

This section depends on the character of the paper. In the case of empirical studies it should contain an overall description of the topic and present data gathered during the research project. The manuscript should utilise representative data rather than repetitive information. Data that will be referenced several times in the text should be provided in tables or graphs. All data, repetitive or otherwise, should be meaningful. Results must be clearly and simply stated as the section comprises innovative research findings for an international community of academics and practitioners.

### ***Discussion/conclusions***

This section presents the researcher's findings and suggestions, if applicable. It should not restate information present in the core section, but may (depending on the type of the paper): (i) point out any exceptions or lack of correlation; (ii) define unresolved issues; (iii) show how the results and interpretations agree (or contrast) with previously published work; (iv) discuss the theoretical implications of the work, and any possible practical applications; and (v) summarise the evidence for each conclusion. The primary purpose of the discussion section is to show the relationships among facts that have been observed during the course of research. The discussion section should end with a short summary or conclusion regarding the significance of the work.

### ***Acknowledgements***

Assistance received from any individual who contributed significantly to the work or to the interpretation of the work and/or outside financial assistance, such as grants, contracts, or fellowships, must be acknowledged.

### ***References***

As standard only significant, published and in-text used references should be listed (except for specific cases). Authors should verify all references against the original publication prior to submitting the manuscript.

Stylistically, authors should utilise the in-text parenthetical reference system with complete references alphabetised at the end of the text.

### ***Information about authors***

Each author should include a short bio – information about her/his position, academic qualification, institution, field of expertise/research etc. An e-mail address for possible requests from readers should also be included. Maximum 500 characters.

### ***Submission procedure***

Papers shall be submitted electronically to Mr. Juraj Sklenar, the Managing Editor, in format as prescribed (web site of Manuscript guidelines). Proposals for book reviews or important scientific informations (like conference reports) are welcomed and shall be submitted to the managing editor.

Contact:

Mr. Juraj Sklenar, the managing editor, e-mail: [sklenar@nispa.org](mailto:sklenar@nispa.org)

### ***Subscription Information***

The journal is published twice per year. The price of each issue is 15 EUR. The annual subscription is 25 EUR. Requests for subscription or orders of separate issues should be send to:

NISPAcee Secretariat  
Polianky 5  
841 01 Bratislava 42  
Slovak Republic  
phone/fax: +421-2-6428 5557



## ***Navigation: Example of the Standard Components of an Empirical Policy Analysis Paper***

### ***Presentation of the Issue***

What is the problem that requires action?

### ***Scope of the Problem***

What is the history and current context of the issue? How did it become an issue?

Who is affected and how severely?

### ***Consultations***

What are the views or positions of groups who will be significantly affected? What are the concerns of other ministries/agencies who will be affected?

### ***Options for Consideration***

What three or four distinct options should be considered? What are their implications? What are their advantages and disadvantages?

### ***Additional Issues:***

Consistency with the government's priorities; the effectiveness of available options in addressing the issue; the economic cost-benefit; the effects on taxpayers; the impact on the private sector; environmental impacts; the fiscal impact on the government; the disproportionate impact on various groups or regions; the complexity and timing of implementation; public perception; and constraints raised by legal, trade, or jurisdictional issues.

### ***Recommendation(s)***

What is the proposed course of action? Why was it chosen over other possibilities?

### ***Implementation Issues***

What are the financial impacts of the proposed course of action? What are the implications for government operations? Will the proposal require regulatory or legislative changes? What is the proposed means of evaluation?

### ***Communications Analysis***

What is the current public environment? What are the key issues of contention, and how can they be addressed? What is the position of key stakeholders, both inside and outside the government, on the proposal, and what communication vehicles should be used for each? How does the proposal relate to government reform priorities? What is the objective of communication on this issue? What is the key message?







ISBN 978-80-89013-40-1