

PUBLIC ADMINISTRATIVE REFORMS WITH REGARDS TO THE CHANGES OF THE ROLE OF STATE

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The research was conducted on public administrative reforms with regards to the role of state. Analyzing public administration reforms with a perspective on the changes of the role of the state throws light on the enormous adaptation efforts carried out by the nation states in order to match the various (and varying) requirements and challenges they face.

The economic crisis erupting in 2008 reinitiated scientific discussions in a deeper dimension on the role of state and accordingly on the relation between the state and the market such as scientific discussions on the cooperation between the state and the society. Considerable part of these scientific discussions definitely focused on public administrative issues such as profound scientific questions as the role of public administration – what the desirable role of state within the broad sense of public administration is –, what the further directions of public administration reforms should be, whether the situation is mature to – temporarily or permanently – relocate competencies to the state from other players. If so, would the state be able to fulfill the new tasks efficiently at acceptable standards? Numerous reform measures initiated by the economic crisis have the concept behind them that in critical periods the state can provide stability while in the periods of prosperity dynamic wealth creation should have priority. The basis of the research is the idea that there is a task-transfer mechanism among the state, the market and the civil society that receives more attention in the times of crisis whereas its attributes might be also modified.

The public administration's receptiveness to changes is a key factor from the perspective of the task-transfer. The challenges affecting human societies differ according to age, the interpretations of the challenges and the responses depend upon culture.¹ In connection with the variety of solutions, vast selection of public administration reform vehicles were developed in the last two decades. The potential reform methods might be rivals to each other while common responses elaborated within and by public administration occasionally contribute to the complexity of the given challenges instead of simplifying them.² In the research, those reform components are highlighted that contain task-transfer between the central state and other players. The object of the thesis is to analyze the public

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¹ WALDO, Dwight: Public Administration in a Time of Revolutions. *Public Administration Review*. July-August 1968. pp. 362-368.

² CAMILLUS, John C.: Strategy as a Wicked Problem. *Harvard Business Review* 2008. pp. 98-106., Volume 86, Issue 5. Harvard Business School Publishing Corporation (USA)



administration reform movements with respect to their opinion on the state as a dominant actor.

In certain reform movements the state-friendly theorists had larger influence, other reforms were more market-friendly (some reform theorists were civil self-organizing oriented). Public administration science explains public administration practice but also has a certain forming impact on practice thus theoretical changes in the role of state are in connection with theoretical changes in public administration as well. Public administration science has a role of intellectually formulating theoretically valid interpretations that synthesize the conclusions of scientific debates on the role of state while incorporate practical experience.

The thesis identifies challenges of state as drivers of public administration reforms. The issues of social and economic challenges have been well elaborated.³ Ulrich BECK uses the expression of “risk society”⁴ to the new societal settings of state challenges that raise the question of the adaptation of the state.⁵ Emile DURKHEIM states that the market requires external roles and frameworks that sustain it and provide the necessary political stability.⁶ The cornerstone of the social market economy is how the market economy principles can be harmonized with the interests of the wide society.⁷ Keynesian economy – that believes in the state as a rescuer of the market – requires such a state that is able to fulfill the tasks of a central coordinator but with using the minimal control and leadership. Public administration is one of the main vehicles of the state in harmonizing economic interests with social considerations therefore public administration’s capacity to practically fulfill this task has to be maintained throughout its reform. Public administration reforms can be utilized in two ways regarding the improvement of the sustaining and problem solving capacities of the state: the development of existing organizational capacities or transferring state duties to other players.

The research analyzes and synthesizes the domestic and international experience - focusing on the role of the state – and completes the existing scientific results with the analysis of new or only partially analyzed developments. In the dissertation, we analyze the results of the domestic and international theory of public administration reform with regards to the role of the state. In our analysis, first we briefly sum up the most important stages of the western development path of public administration science than we analyze the connection between public administration reforms and the role of state. We use modeling

³ PETERS, B. Guy – ROSE, Richard: *Can Government Go Bankrupt?* Basic Books, New York, 1978. pp. 7-9.

⁴ BECK, Ulrich: *Kockázattársadalom*. Századvég Kiadó Budapest, 2003. pp. 8-16.

⁵ FARAZAMAND, Ali: Globalization and Public Administration. *Public Administration Review*. Vol. 59. No. 6 (Nov-Dec 1999) p. 509-522.

⁶ DURKHEIM, Emile: *The division of labor in society*. Free Press. New York, 1966. pp. 203-204.

⁷ VENTRISS, Curtis: The Challenge for Public Administration (and Public Policy) in an Era of Economic Crises... or the Relevance of Cognitive Politics in a Time of Political Involution. *Administrative Theory & Praxis*. September 2010, Vol. 32. No. 3, p. 416.

method throughout the research. The model provides a perspective on the interrelation of the state, the market and the international integrations with focusing on how this complex relationship was modified throughout public administration reforms.

Modeling as a scientific tool provides the simplified image of complex realities thus it contributes to better understanding existing processes and to forecast future phenomena. In our model, we do not follow the evolutive approach of the path dependence theory and we do not argue that purely strengthening or weakening central government would imply any particular value category. We argue in support of such a role of state that adapts to the given historic, economic and societal reality. "The issue is not whether the state is big or small but whether it is able to successfully cope with the tasks entrusted to it."⁸

The chosen model is a system model in which the state that is a complex, multiple system interacts with similarly complex other systems. Throughout such interactions, certain reactions emerge among the players involved. In our research, we define public administrative reforms as appropriate tools that provide a significant portion of the necessary adaptation potential for the state. In this sense, adaptation means the internal flexibility on the first instance but adaptation can be identified in the external (state - civil sector or state - market) relationships of the state. Adaptation capacity is a potential for self-correction based on experience and learning.

One of the basic findings of path dependence theory is that the development path can be hardly changed, only at the constellation of certain decisive factors.⁹ This can be explained with the tendency of adaptive complex systems¹⁰ to maintain dynamic balance between their internal and external environment while being in permanent interactions with both of them.

From a political science perspective, dynamic balance expresses that if a player loses influence, other player or players gain(s) it: there is no (permanent) power vacuum in the political realm. In the sense of political administration science, dynamic balance means that public tasks cannot be permanently left unfulfilled. If the state exits from a public service, than other players will cover it with their own services, in the last resort it is the society itself that covers the public needs.¹¹

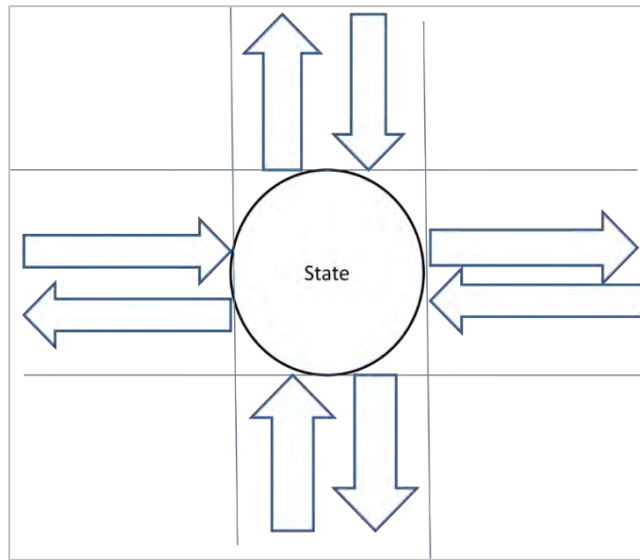
The basic scheme of the model is included in the chart below.

⁸ JÓZSA, Zoltán: Az államigazgatás feladatai a nemzetközi kihívások tükrében. *Magyar Közigazgatás* LVI. évfolyam 9. szám, 2006. p. 518.

⁹ PRADO, Mariana – TREBILCOCK, Michael: Path dependence, development, and the dynamics of institutional reform. 59, *University of Toronto Law Journal*. 2009. pp. 341-379

¹⁰ For instance in health policy: STURMBERG, Joachim P.: Primary Health Care Organizations – through a Conceptual and Political Lens. *Journal of Evaluation in Clinical Practice*. 2011. (17) pp. 525-529.

¹¹ FOLKE, Carl – HAHN, Thomas – OLSON, Per – NORBERG, Jon: Adaptive Governance of Social-Ecological Systems. *Annual Review of Environment & Resources*. November, 2005. (30) pp. 441-473.



1. Chart: Model of categorizing public administrative reforms with respect to the role of the state.

The arrows in the chart typify real or theoretically possible public administrative reforms, reform streams. The vertical or horizontal positions of the arrows project the vertical or horizontal relation of the given reforms to the central state. The arrows pointing at the governing center typify pro-state public administrative reforms, the arrows pointing away from the governing centre typify reforms that relocate competencies, duties, resources from the state to other players. The role of state has been an important orientation point in public administration theory so far but the vertical considerations and the theoretical reversibility of the processes were not included in the models. The vertical connections show that the nation states increasingly fulfill their tasks via shifting their competences to international organizations and integrations. Theoretically the reverse process is imaginable since such shifted competencies might be re-allocated to the national level again. The lower segments of the vertical arrows show the possibility of the relocation of competencies from the central government to regional, local or agency levels, whereas the addressee of the tasks is independent from the central government.

In the dissertation we revise the reform tendencies of the last two decades and place them into our model. Throughout our analysis, we compare theoretical approaches and we analyze practical examples. The dissertation analyzes the notion of public administration and public administration reform. From the definitive elements of public administration, we enhance the management-oriented approach in order to support the argumentation of the rest of the analysis. After the analysis of the definitive elements of the key notions, we further examine the driver forces of public administration reforms. According to our logical framework, public administration reforms are influenced by social, economic, environmental, technological and complexity challenges.

Public administration reforms contribute to the changes in the role of the state that intends to be able to sustain its purpose within the changeable environment. We separately analyze the relationship between the public administration reforms and the reforms suggested by the EU. We include the relationship of the national public administrations and the international integrations in the model of analytical framework.

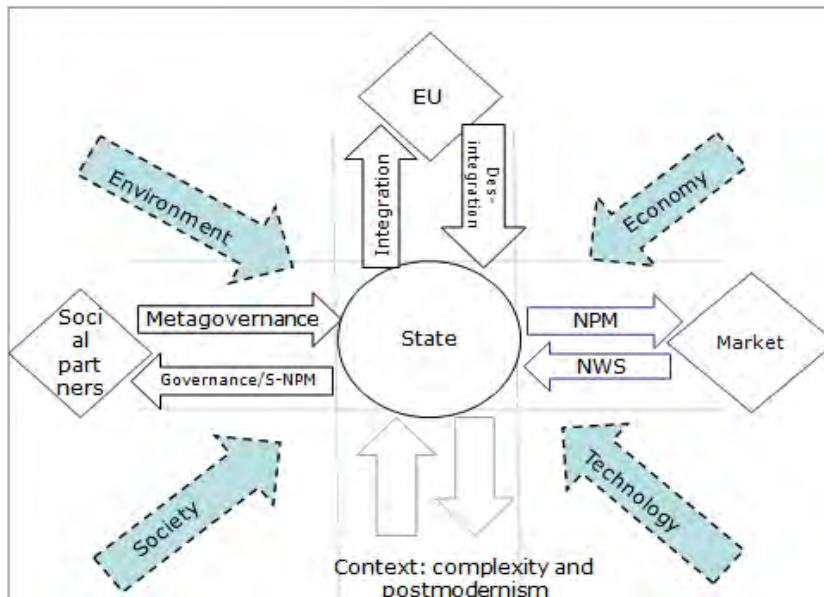
We also examine the major arguments of the path dependence theory regarding public administration reforms and we add to their findings regarding the role of the state. The path dependence theory focuses on the factors that keep the public administration reforms on a relatively narrow path. If the development path is left or modified, the change has to be explained with the findings of the path dependence theory. Path dependence theory is known in economics as the theory of self-reinforcing mechanisms, it is known in public policy as the theory of punctuated equilibrium and it is known in the law-oriented public administration as well.¹² It offers an explanation on why certain circumstances increase the difficulties and overall transaction costs of change. On the social ground, the reforms must break through the wall of formal and informal connections and interests.¹³

In the dissertation we further examine those arguments of the path dependence theory that identify public administration development model with respect to the role of state.¹⁴ The model of analysis used does not focus on the process of changes in time as the path dependence theory does. Instead of highlighting the internal inertia of public administrative reforms, it puts more weight on the reversibility of the processes arguing that reforms can be used in two ways. According to the model established, the research revises the main approaches of the public administrative reforms that took place in the last two decades with respect to the thinking of the tasks of the state. We analyze different market-oriented and society-friendly streams of New Public Management (NPM) as well as the New Weberian theory as the spearhead of reinventing the rule of law and classical public administration values. We examine the Governance theory as an important representative of the society-friendly idea of public administration reforms. The dissertation includes the reform ideas of the relevant international organizations and of the EU. Based on the findings of this part of the research, the research model is changed, according to the followings:

¹² PRADO, Mariana – TREBILCOCK, Michael: Path Dependence, development, and the dynamics of institutional reform. 59, *University of Toronto Law Journal*. 2009. p. 350.

¹³ PRADO, Mariana – TREBILCOCK, Michael: Path Dependence, development, and the dynamics of institutional reform. 59, *University of Toronto Law Journal*. 2009. p. 354.

¹⁴ JENEI György: Válaszút? Neoweberiánus szintézis vagy neopatrimoniális elfajulás. *Nemzeti Érték*. II. évfolyam, 2008. 4. szám., and BOUCKAERT, Geert – POLLITT, Christopher: *Public management reform. A comparative analysis*. Oxford University Press, Oxford 2001, 2004, 2011.



2. Chart. Public administration reforms in the light of the changes of the role of state.
Horizontal and vertical public administration reforms.

The model incorporates the external challenges and the vertical and horizontal task-transfer mechanisms into a single logical framework.

After describing the last two decades of the domestic public administrative reforms, we compare the Hungarian development path with the regional reform processes. We seek answer to the question of what the appropriate characteristics of the reforms are under the circumstances of the economic crisis. The Hungarian public administrative reforms – throughout the years after 1989 – suddenly halted after an ambitious period of system change and institution building. The newly established public administrative system had to be corrected on an efficiency-increasing basis. This period was followed by the stabilization of the institutional system. After the era of stabilization and slow development, a new reform period unfolded in which finally the New Public Management reforms became dominant in the first decade of the new millennium. We analyze reforms after 2010 in a separate chapter as a potential public administration reform response to the new conditions of the general economic (and social) crisis. An emblematic strategic document of this period is the Magyar Program, launched by the new government in 2011.

The dissertation describes the reform history of the last two decades including the first experiences of the years of the crisis. The issue of the role of state within the reform theory is a valid starting point for examining public administrative reforms. The public administrative path dependence theory acknowledged the task-transfer phenomenon between state - civil society and state - market although this was not embedded into a single logical framework that allows reversibility. The vertical task-transfer to international organizations and integrations were not included among the potential reform agendas. The two-way

connections between the players indicate that there is not only a potential for undifferentiated task-transfer among the subjects of the model, but there is also a systemic potential for appropriate co operations if the level of trust between the interacting subjects allows it. The use of the scientific model – elaborated in the dissertation – can be used for the evaluation of future public administration reforms. It also provides a wider interpretation background for the “pendulum path”¹⁵ regarding the relation between the state and the public administrative reforms recognized by the scientific literature.

The dissertation details the opinions of the relevant international organizations regarding the public administrative reforms that – in different extent – influence the reforms of the recipient countries including Hungary. From the role of state point of view, these organizations used to be interested in re-allocation of resources and competencies from the central state to the market, to the social partners or to the municipal local governments. The European Union is to be highlighted among the other international knowledge-transfer and donor organizations.

Opportunities for utilizing research outcomes

If we position the role of state in public administration reforms into the centre of our research, it throws new light on the question of what kind of state is the most appropriate for the reality the beginning of the 21st century. This question is raised by the social, economic, technological and environmental challenges in variable, new ways.

The scientific model used – according to which public administration can be modeled as an adaptive complex system – has an element of novelty. The framework model can be used intact or in a modified form in future researches on describing and categorizing public administration reforms. The research offers a theoretical framework to incorporate empirical data regarding the civil service and the legal material into the research on public administration.

The research applies an original research method on estimating the internal complexity of legal material. The method is a research-engine method that can be used in all digitalized databases such as in law databases as well. The indicators of the internal complexity within the legal material are the cross-textual reference.

¹⁵ For instance: PETERS, B. Guy: *The Role of the State in Governing: Governance and Metagovernance*. NISPA CEE working paper, 2008.

