

# **What Kind of Civil Service?**

Trends in Public Administration Reform in Eastern Baltic Sea States

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Transition economies find themselves in the curious situation of having too much and too little bureaucracy at the same time. On one hand they have inherited the legacy of the enormous patronage-based bureaucratic apparatus of their communist past. On the other hand there is an acute shortage of bureaucracy in its original positive meaning: a modern civil service, which is professional, independent of political parties, transparent, impartial, responsible and accountable for design and implementation of state policy. Whereas governments may change frequently, career civil servants remain, accumulate experience and skills, and guarantee continuity of the state. To establish such effective and responsible civil service is one of the main tasks of public administration reform.

One of the key challenges has been to change the civil service from a purely reactive behavior and an attitude of total subordination to political direction, to proactive, creative, and politically independent behavior. This requires civil servants not only willing and able to implement policy, but also to design policy. Furthermore, this creative energy is to serve the goals and objectives of the ministry, and not the civil servants' personal agendas. And all this should be done in a non-wasteful way.

In some of the transition countries public administration reform was delayed, because it appeared of secondary importance, relative to the creation of a market economy, and it also took a back-seat relative to the creation of political institutions. However, politicians and business leaders have come to realize that an effective and professional civil service is an important precondition for a sustainable market economy and stable political institutions. Additional urgency is added by preparations to meet EU criteria for public administration capacity.

The purpose of this study is to report on developments of civil service transformation in Estonia, Lithuania, Poland, and Czech Republic through the eyes of civil servants and politicians themselves, and to substantiate the following central proposition:

*De-politicization of civil service is the most urgent and the most consequential reform effort, and should be step number one in the sequencing of civil service transformation. Without prior de-politicization the introduction of incentive schemes, such as performance-based pay, and other market-like structures should be avoided, as they invite re-ignition or reinforcement of patronage systems. Such (feudal) patron-client relations are one of the key retarding elements of public administration reform.*

Under *de-politicization* we mean the separating of civil service and politics<sup>1</sup>. It removes direct political control over civil service. The goal is to populate public administration with non-partisan professionals, who guarantee the continuity of the state, while governments may change.

The transformation of civil service in the transition economies of Central and Eastern Europe is by no means completed. This implies that the way in which civil service will organize itself is, at this point, unknown. While past performance can be assessed from historical data, particularly if quantitative in nature, judgments, aspirations, and plans for the future typically reside in peoples' heads. This pointed the way toward arranging conversations with civil servants and politicians in the target countries, Estonia, Lithuania, Poland, and Czech Republic. How do they perceive themselves as members of civil service or political institutions? What are their greatest concerns?

Fifty-six conversations took place during 2001/2002, each conversation lasting between one and two hours. The protocol called for a standardized structured interview (each interviewee was presented the same list of questions), and a subsequent unstructured conversation.

Politicization of civil service is known to have a number of adverse consequences. First of all it hampers the building of high administrative capacity. Given the frequent changes in government, civil servants, who only last as long as the current government, simply do not stay in their jobs long enough to accumulate experience. 93% of respondents reported the adverse effect of high turnover on administrative capacity and professionalism as a very serious situation.

The importance of the politicization issue is clearly reflected in the interviews. 100% of interviewees expressed an opinion on this issue. The opinion was unanimous: Civil Service career positions should be kept out of the direct influence of politicians. When asked, whether civil service and politics were currently kept separate in their country, the response, again, was a unanimous “NO”. These two questions were the only ones in the entire list of questions, which received unanimous responses.

The question of how to motivate public sector employees to work hard and to work smart has been with us for a long time. Economists, in particular, have never tired of pointing to the virtues of self-interest as a powerful motivator. This has led adherents of some schools of thought, for example “New Public Management” to devise remuneration schemes, consisting of a base salary plus certain extras, such as bonus and commission for work above and beyond the call of duty. The general idea is to introduce “market-like” structures into the public administration environment, for reasons of performance and efficiency.

But are such “market-like” structures the right thing at this time for the transition economies of Central and Eastern Europe in general, and our four target countries in particular?

The concern is not only about waste of resources. This would be akin to saying that things go wrong by default. But, more perniciously, there are indications that some things are going wrong “by design”. Well-intentioned non-dedicated funds (some from EU sources) are apparently channeled to mechanisms and structures that are designed to retard real public administration reform in order to preserve special privileges of a selected group of people. Real public administration reform seeks to abolish the culture of special privileges and replace it by a culture of impartial professionalism. What does this imply for public administration reform strategy?

Only after the steps of de-politicization have been completed, after employees of ministries are no longer afraid to speak their mind, after the vicious circles of patron-client relations have been broken, and a sufficient level of transparency and accountability have been reached does it make sense to introduce pay for performance, bonuses, and special incentives for extra effort. The *sequencing* is very important.

Prematurely implemented market-like structures are a retarding element for public administration reform, as some countries are in the painful process of finding out. Not only do they reward the wrong people for the wrong reasons. But, more importantly, they cement old structures and patron-client thinking – exactly the features that public administration reform is designed to eliminate. They may destroy already existing accomplishments, thereby putting the reform process on reverse course. We have the sad and ironic situation, where EU money may be used to impede the progress toward EU goals.

If we accept that de-politicization is the most important and urgent step in the current phase of public administration reform in transition countries, the question arises, which model of civil service is most conducive to free civil service from domination by politicians.

Models of the “New Public Management (NPM)” genre have attracted attention in western countries through its emphasis on economic efficiency, and “market-like” structures. Examples are given by England, New Zealand, and Australia. In general, the NPM school of thought assumes that private management is superior to public management. From this follows the recommendation to import private sector management techniques into the public sector.

However, this model is also known for its tendency to re-establishing political control over civil service, which is exactly the opposite of what 100% of interviewees of this study considered desirable for their countries. So, in at least one very important aspect, i.e. the relations between civil service and government, the NPM approach appears to be highly unsuitable, given the current needs.

The so-called classical model of public administration is characterized by self-management of public administration, clear separation between civil service and politics, strict rules of non-interference by politicians in civil service matters, high job security for civil servants, and a career system in which promotion relies on merit and seniority.

As the interviews of this research confirm, priorities in the current stage of civil service reform are

- shielding civil service from direct political interference (98% of interviewees considered it very important)
- establishing a culture of civil service professionalism (95% of interviewees considered it very important)
- achieving administrative stability (91% of interviewees considered it very important)

This points to the classical model as a suitable point of departure for the design of administrative systems in the countries under investigation, as these three features are among its main characteristics.

Public administration systems will continue evolving, because societies are continuously changing. Market-like incentive structures may make sense in the future, after stabilization of a professional civil service has been achieved. But at the moment, given the currently weak accountability systems in East European countries, their introduction must be considered counterproductive and even dangerous. The perceived inefficiencies of the classical system may be a small price to pay, if in return we obtain a professional civil service with a clear understanding of whom they are to serve.

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<sup>1</sup> Of course there always remains a connection between civil service and politics, as civil servants administer processes that serve political goals.