László Vass:

Politicians, Bureaucrats and Administrative Reform in Hungary: Who stops Whom?

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Hungarian Center for Democracy Studies Foundation
Department of Political Science, Budapest University of Economic Sciences
H-1093 Budapest, Fővám tér 8.
E-mail: vassl@usa.net
Introduction

Ten years after the euphoria of the systemic change in Central and Eastern Europe (CEE), incrementalists may now basically calm down. Immediate revolutionary changes in public administration could not have happened in the transition countries. The most attentive analysts were cautious enough to stress that it is too early to comment on the failures and successes of the reorganization in this region. In fact, the formerly state-socialist countries have been and are facing two challenges: one is the rapid separation of politics from public administration, and the other is the process of catching-up with managerial and institutional developments that have been made by the industrialized democracies. (Peters 1995: p.167.) In the CEE countries, the first decade of the transition has been long enough to complete some important tasks of institutional reform. Obviously, the basic question of the transformation was how the “bad story” of the communist totalitarianism can be turned into the “good story” of democratic institution building? (Rothstein 1996: p.134.) By the well-known cliché, the fundamental task was the elimination of the Communist ideological character of the administration. In fact, the democratic institutional reforms had to react upon the next motifs (Szabo: 1993) of the “bad story”:

- lack of constitutional regulation of the party rule,
- direct political control over the public administration,
- party decisions overriding legal norms,
- intertwining of state administration and party apparatus,
- unification of the powers,
- unified state administration, comprising all levels of public administration, subordinating the local governments as well,
- lack of effective constitutional control over the administrative process,
- lack of accountability and transparency of the public administration,
- loyalty based recruitment and promotion,
- and servile service ethos.

In this paper some elements of the Hungarian administrative reform-process are discussed, in order to illustrate the contradictory roles and relations of politicians and bureaucrats within a transforming system. The description is including two topics: the
separation of politics and administration and the first efforts for the implementation of
managerial methods. The institutional display is showing the politically most sensitive central
level of the public administration. The most typical role-confusions of politicians and
bureaucrats will be discussed with references to the institutional aspects.

The “good story”

Hungary, by its historical traditions, belongs to those European continental countries
having “old”, Weberian administrative systems. This tradition was maintained somehow
during the state-socialist regime as well.¹ This was particularly true especially during the
1970s and 1980s when the merit-based promotion system played a more definite role.
(Sarkozy: 1994) Hungarian public administration also benefited during this period from the
on-going market-type economic reforms. This manifested itself not only in the form of less
dramatic adaptive pressures resulting from economic change than other CEE nations, but also
by allowing Hungary to gain some professional autonomy in policy-making. In the 1980s,
younger and well-trained generations of public servants assumed positions in the changing
Hungarian public administration system. The ministries established policy research institutes
in order to improve the quality of their policy decisions.² Additionally, the preparation of such
administrative changes as local government reform, re-foundation of the public service,
deregulation and privatization were well-advanced before the political systemic change.
Hungarian analysts, particularly experts in the administrative Law (Lorincz: 1993, 1995,
Szabo: 1993), stress the development of this professional and stable public administration was
an important factor in Hungary’s smooth political transition process. This is an important part
of the “good story.” On one hand the relatively professionalized public administration offered
a stable background for the smooth systemic change, and on the other the gradual political

¹ The Communist party apparatus and the public administration had never been entangled with each other in the
Hungarian communist system. (like e.g. in Romania) The public administration had been controlled by the
Communist party, but at the same time it had enjoyed a physical separation. In the 1950s and the early 1960s, the
role of public servants was simply to implement the party decisions. In the 1970s and 1980s civil servants could
already perceive their professional autonomy.

² It was not only politically, but also administratively symbolic that between 1988-1990 the Prime Minister of the
last state-socialist government was a former Harvard postgraduate.
transformation gave time for the successful adjustment of the public service and provided favorable conditions for the necessary administrative reforms.

Although in a comparative perspective, Hungary would seem to enjoy certain advantages in adapting its administrative system, it should be realized that the magnitude of the task faced has been no less daunting than that which was faced in other post-Communist countries of CEE. The Hungarian economy under the former regime might have been less centralized than in other states and social repression was less severe. Public administration, however, was largely based on the precepts of 'democratic centralism' and exhibited most of the distinguishing features commonly associated with this organizational principle. (Hesse and Goetz: 1993.) All of these advantages did not mean that fundamental administrative reforms, in terms of structures, procedures and policy instruments, could be avoided.

The Constitutional amendments in September and October of 1989 defined the systemic change in Hungary.³ (Vass: 1991, 1994) The adopted democratic system of government is based on strong and balanced prime ministerial and parliamentary powers. In order to strengthen the position of the parliament, twenty politically essential topics were identified which would require a two third’s majority vote of parliament for passage. On the government side, the system of constructive non-confidence motions, following the German and the Spanish constitutional regulations, were adopted. The Hungarian Prime Minister's wide ranging authority ensures that the office will maintain a powerful position in the parliamentary system The Hungarian semi-proportional electoral system is also an important tool for creating a parliamentary majority for the government. In addition, the Constitutional Court was established as an essential guarantee of the democracy. In sum, the main constitutional features of the Hungarian government are the following (Korossenyi: 1998):

1. This is a radical system of the rule of law (recht Staat), in which the law and politics are tightly interwoven.

³ Essential and comprehensive amendments of the state-socialist Constitution have been made by the negotiated agreement of the newly formed opposition and the ruling Communist Party. As the local joke goes, only one sentence survived: “The capital city of Hungary is Budapest.” The amendments were passed by the last communist parliament and before the first free elections held in 1990.
2. The separation of government and Parliament has a definite *dualistic* feature. The interdependence is limited in both directions. Compared to other European democratic systems, the autonomy of the branches is much stronger. This means that the head of the executive branch does not have the right to dissolve the parliament, and on the other hand, the accountability of the government is limited in the Parliament.

3. The Parliament and the parliamentary opposition have extensive *rights of veto* against the government and the governmental majority in the Parliament.

4. The government also has other *restrictions* on the autonomous local governments and the social partners. Also, easily initiated referendums may set other limits on the government.

According to the new constitutional framework, strong *Prime Ministerial governance* has emerged and strengthened in Hungary. The Prime Minister’s Office became the power-center in the government and was directed by a state secretary until 1998 and by a minister currently. The office coordinates the preparation of legal drafts, controls the work of the ministries and centralizes different functional units of the government.

The government maintains the concept of the *large, integrated ministry* (Verebelyi: 1992, 1996.), actually maintaining some 13 ministries plus two ministers without portfolio. By the Hungarian Constitution the Prime Minister proposes and the President of Republic appoints the ministers. Ministers may be Member of Parliament, but it is not necessary. Ministers as politicians and administrative leaders of the ministries have double role. This “schizophrenia” sometimes produces amazing examples of the role-misperception. Not only public policy has pathology (see Hogwood and Peters: 1985), but also the ministerial politics. A typical child-disease of the new, inexperienced ministers in CEE including Hungary that minister require the ministerial *bureaucracy to be loyal to the governing political party*. And the bureaucrats sometimes obey. The law alone is not enough to change this attitude. Long

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4 The current government advertises the concept of the German Chancellor’s Office as the model for the Hungarian Prime Minister’s Office.

5 The latest example: after the elections a leader of the junior coalition party introduced the newly appointed minister to the ministerial apparatus. Showing the helpfulness, he offered party-assistance to the bureaucrats in their work…
learning process of democratic political culture is needed for the players to perform adequate constitutional behavior.

In order to replace the previous unified administrative system, the most important step was to establish clear divisions between the political leadership and the professional executive level. *The Constitution separates the limited term political leadership from the permanent administrative leadership.* The practical consequence of this mandate has been the appointment of a political state secretary as the political deputy to the minister for the term of the government, and the appointment of an administrative state secretary as a professional deputy to the minister and the head of the ministry's apparatus. The procedure of the appointment of the secretaries is same to the minister's one. The Prime Minister makes the proposal to the President of the Republic. The criteria are basically different at the case of the political and the administrative appointments. Political state secretaries are appointed by the coalition agreement upon the distribution of the “cake of the power”. The position of administrative state secretaries is the issue of expertise and trust. Obviously, the meaning of the trust is very complicated. How much political loyalty is included in this term? What is the difference between the political and personal elements of the loyalty? The basis of the trust is usually the expectation, that the apparatus does not transfer the personal documentation of a minister to his or her successor. (Gaits: 1993) Until now, some Hungarian politician ministers have been irresistibly curious to know the documents of their predecessors. There have also been some bureaucrats played political games or make political carrier on such ministerial expectations.

Another important innovation was the establishment of a separate personal staff that works directly for the respective ministers. General standards for these kinds of organizational units at the ministries were not formalized, but the logic of the French cabinet-system was considered when formalizing this practical solution.

The powerful position of the Prime Minister's Office has provoked criticism from the time of its inception. The new model was to rely on the chancellor-type governance system. The actual Prime Minister has become a factor structuring the organization. Numerous strong organizational units supporting the Prime Minister's work also had to be created. The fundamental task of the Office, to serve the government, also had to develop under conditions of coalition governance. Basic modification of the structure were called for by the fact that in
the new government set-up, the professional and political leadership of the ministries was duplicated in a shadow-organization at the Prime Minister's Office. Apart from the otherwise foreseeable tension that was the natural consequence of the competition between the dual administrations, it was also questionable how control from the government (or, more narrowly, by the Prime Minister) would take place. (Keri: 1994) The result of this complicated and eclectic situation was the strengthening of the informal coordination within government.

The two types of state secretary positions have also raised some practical questions. While this division may appear functional and follows similar Western models, the implementation is controversial. First, ministers may appoint administrative secretaries who do not have to be career civil servants. There is little doubt that administrative secretaries are political appointees, with party-political considerations playing an important role in selection. As civil servants, administrative secretaries cannot normally be removed from the service under the law, however the minister can at any time remove them from their positions without having to give reasons for such a decision. The employment is permanent, but the position of administrative secretary is not. The political nature of their employment and the fact that they rely on the minister's goodwill obviously greatly limits the capacity of administrative state secretaries to represent neutral professionalism against political interventions. It limits the role of the Law as a barrier to political interference with the departmental civil service. It also means that continuity is not guaranteed. The lack of standard regulations governing the division of labor between political and administrative secretaries also may result in the administrative position becoming politicized. (Hesse and Goetz: 1993)

The ad hoc adjustment of the personal staff that works directly with the minister leads to greater uncertainty regarding the barriers between the political and administrative appointments. There is a great deal of variation between the size and role of these staffs in the individual ministries. The typical problem involves the duplication or mixing of the functions of the cabinet-type units and the personal secretariats of the ministers. The internal division of labor at the ministry was also affected and the cabinet was put into a stronger policy-making position, thereby reducing such a role for the line departments. This problem also results in the politicization of administrative positions and unhealthy competition between senior officials and organizational units on the top level of the ministries.
While we usually pay attention to how adequate an institutional setting is for a particular administrative system, we do not however usually notice how the old automatic habits (or political culture?) revive again within the framework of the new institutions. The Hungarian experience reconfirms that by themselves institutional changes cannot guarantee democratic public administration. The behavior of the players and the political culture are also essential ingredients. (Gaits: 1993)

**A Basic Institution: Law on the Legal Status of Civil Servants**

In the post-Communist countries, the difficulties facing public service policy were not just shortages in qualified staff, salary scales that offer distorted performance incentives, a mismatch between existing and required skills, and a general feeling of demoralization in a disoriented public service. More fundamentally, they demanded the re-establishment of a distinct public service identity. In Hungary, with the early passage of the Law on Civil Servants\(^6\), visible progress has been made in this respect. (Rice: 1992.) The main objective of the legal regulation was to stabilize the position of the administrative staff of the government, and also the regulations of the career-perspectives, the purpose and direction of further training of civil servants and the job-requirements of the civil service.

The Law on the Civil Servants concerns the administrative staff of the central and sub-central administrative organs, but excludes some categories of public servants for which

\(^6\) The Act contains the following chapters:
1? general definitions;
2? the subjects of the public administrative legal position, appointment procedures, the establishment and termination of the employment relationship, severance pay, the question of incompatibility;
3? the career of the civil servants, their training and development, evaluation and assessment, work-time and holidays, salary structure;
4? disciplinary rules and procedures;
5? disputes between employer and civil servants;
6? the keeping of employment records;
7? the Public Administration and Public Services Council;
8? the legal administrative relationship of officials and physical employees;
9? miscellaneous matters, including the list of provisions from the Labor Code which also relate to the public servants.
special regulations have been adopted\textsuperscript{7}. The act distinguishes different groups of civil servants according to their tasks: public servants, who have managerial and decision-making positions; officials who have implementing functions; physical employees, who have technical, supplying functions. The Act defines the educational entry requirements, duties, rights and privileges for each category of public servants.

My first criticism against the Act is also a compliment. It has stabilized the civil service but it has done it too well! The established career system is too rigid and is excessively based on seniority. The required length of service for each rank is defined. On the basis of excellent capabilities civil servants may be promoted to a position one category higher than they would otherwise be entitled by their length of service. There are two major defects in the current category system. First, it implies an automatic promotion process. This is not in accordance with performance-oriented assessment procedures. Second, and even more concerning, is the fact that emphasis on the length of service makes it difficult to reward outstanding performance through a more rapid promotion. The idea of regular performance assessment, as adopted by the Law, is incompatible with a promotion system that is based on the criterion of length of service. (Hesse: 1993. p.356.) An additional important problem stems from a lack of effective guarantees for the main aims of the regulations, namely the management of public matters ‘by impartial public servants, neutral from any parties’. While the Law protects the public servants against arbitrary dismissal and also creates solid obstacles against the promotion of staff on the basis of political criteria, there are not strong barriers against the direct interference of ministers in the public service. The fact that ministers can, at will, remove administrative state secretaries remains very controversial. Ministers can also remove heads of departments from their positions without explanation.\textsuperscript{8} In these regards the Law cannot eradicate Hungary’s servile bureaucratic culture and does not facilitate the introduction of the modern system of performance assessment with regards to personnel policy.

\textsuperscript{7} These are the Prime Minister, Ministers and political state secretaries, the armed forces, frontier-guards, the police, the secret services, the Republican Guard, the fire service, customs and finance guards, penal authorities, civil defense and armed security guards.

\textsuperscript{8} In this way the subordinate may avoid unfair argumentation from the master.
Despite the efforts of the Law to stabilize the Hungarian public service, it could not stop the quality of personnel from deteriorating. In fact, a large number of qualified experts have left public administration due to the lack of adequate financial compensation and personal satisfaction, or because little attention has been paid to the training of civil servants. Senior public administrators and executives do not have job stability, while political appointees have indefinite contracts. (Verebelyi: 1992)

The First Run-up

After the systemic change, the Hungarian government first faced the task of administrative reform in 1992 by adopting a Government Resolution on the Modernization of Public Administration. This document spelled out the basis for a comprehensive program involving a detailed analysis of all tiers and virtually all branches of administration. The aim was to examine tasks, structures, procedures and personnel, with a view to developing proposals for improvement. In the context of this initiative, a critical review of the central administration was a key concern in each of the following fields:

- the decision-making mechanisms and procedures for the adoption of governmental guidelines and opportunities for their efficient enforcement;
- the legal status, function and position of bodies such as interdepartmental committees in governmental decision-making;
- the role of the Office of Prime Minister (legal status, tasks, organization, relations with other departments);
- the mechanisms for controlling the implementation of policies;
- the delimitation of competencies between ministries as well as their internal management and organization;
- interdepartmental relations;
- the legal status, role and organization of national non-ministerial offices;
- the use of information technology.
The Government Resolution designated the Ministry of Interior and the Prime Minister's Office as jointly responsible for assessing and reporting on the progress of implementation. This reform effort sought to audit the administration rather than to reorganize the institutional system. Unfortunately, the program aborted within a year because of the death of Prime Minister Jozsef Antall. His successor to the position was the Minister of Interior. After this change, neither the Ministry of Interior, nor the Prime Minister’s Office reported any progress.

In the period between 1990-1994, politics played an excessive role in the government's structure and this led to unnecessary duplications ('politician' minister, political state secretary and their cabinets vs. administrative state secretary and the subordinated undersecretaries), while the professional economic and administrative apparatus was effectively pushed into the background. An oversized government took shape with the proliferation of agencies and offices with nation-wide authority within and under the ministries, and of the so-called de-concentrated agencies subordinated to ministers. As a result, the administrative work fell apart, coordination was lacking, there was no teamwork in government and the hiatus could not be bridged by the growing number of cabinets, government committees, inter-ministerial committees and government commissioners. Leading positions and titles were created in order to compensate coalition politicians for their lack of influence over the decision-making process that was controlled by the Prime Minister. There was also a special additional political motif the strong anticommunist sentiment just directly after the systemic change, what makes possible to compromise any public servant because of collaborating with the old regime. For this reason, administrative state secretaries were also appointed by loyalty. (Sarkozy: 1994 and Agh: 1993)

Also during this period, local government elections were held and won by the parliamentary opposition parties. This fact motivated the government to establish the system of regional commissioners for “supervising” the local governments from a “legal” point of view. Partisan candidates were appointed to these administrative positions in order to balance the political composition (opposition) of the local governments. With this move, politicians

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9 In 1992 there were 12 ministers and 6 ministers without portfolio and a number of political state secretaries in the Prime Minister’s Office.
promised the issue of the regional reorganization of public administration for long time. The question of regions has become over politicized and a neutral approach has very limited chance even in the current discussions.

Despite all of the liberal dreams about a 'minimal state', the first democratic government wanted to build a market economy and civil society 'from above'. As a consequence, the role of state administration increased significantly, and also a 'public institutional sector' emerged and strengthened in the face of the weakening economy. The dimensions of this overweight public sector went far beyond the abilities of the economy. In the period between 1990-1994 the number of public employees exceeded one million - a quarter of the working population. The number of public servants also increased significantly and reached the number of eleven thousands.

**The Second Run-up**

The second set of free parliamentary elections was held in 1994 resulting in the election of a new government. A government commissioner for administrative reform was soon appointed\(^\text{10}\). After the elections the new government immediately wanted to prove its commitment to make the government cheaper and smaller. First, the institution of regional commissioners was terminated. Second, there were two waves of budget-cuts at the administrative institutions these were accompanied by staff reductions of 5 to 10 percent. These actions were immediate and the reductions were made in equal measure at every organization\(^\text{11}\). The budget reductions were not combined with performance analysis, functional evaluations or organizational auditing. As a consequence, the most talented and competitive employees left the public administration first. After the austerity measures of the economic stabilization, the process of administrative reform returned to “normal”.

Without any visible analysis of the first run-up, the new government initiated the second run for a comprehensive reform of public administration putting it into the context of

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\(^{10}\) In this aspect continuity succeeded. The former state secretary of the Ministry of Interior was appointed the government commissioner. He had prepared the first reform-document as well.

\(^{11}\) A new popular term was created for this action: the 'lawnmower-principle'.
European Accession. After a two year long preparation, a comprehensive reform-plan was adopted. The government commissioner argued: "However, several shortcomings have emerged over more than five years that the newly structured public administration has been in operation. One example is the inaccurate, incomplete, or controversial regulations applied to certain parts of the newly established public administration system. Another example is the fact that individual tasks of the public administration have not been examined and analyzed. The simplification of administration work has not been sufficiently supported and regular control and evaluation of administration operations has not been performed… In order to eliminate existing deficiencies and to prepare the public administration for changing domestic needs and the tasks of Euro-Atlantic integration, the Hungarian Government will implement a comprehensive public administration reform program. This reform program defines, through statutory rules, the major tasks and actions aimed at the modernization of responsibilities, activities, organization and staff of central and local public administration."(Verebelyi: 1996)

The main objectives of the 1996 reform-plan were the following:

- completing the establishment of a fundamental framework and institutions for the new system of public administration;
- increasing the efficiency and improving the quality of administration work, and reinforce its service-providing nature;
- replacing the sometimes superfluous, complicated, and bureaucratic public administration with a smaller, simpler, faster and more cost-efficient public administration that performs the necessary tasks with a better-qualified and stable personnel;
- making public administration law-bound; indeed, more serious legal consequences, such as sanctions, should prevent public officers, citizens and organizations from infringing on the law, and internal and external control of public administration should be more regular.

This second reform program focused on management-type issues. It was assumed that the reorganization was approaching its completion and that the next period of the reform would be about efficiency. The general systemic framework of the public administration has already stabilized and the legal conditions have become fine-tuned. The Government Control Office, as a newly established organ became an efficient tool for financial control over the entire public administration. A comprehensive system of public procurement was also
introduced. The number of government offices was reduced significantly by some 30%. The objectives regarding managerial development have not yet been completed. This fact has slowed the reforms in this field: lack of a managerial culture, weak coordination and cooperation, and the lack of training.

No doubt, the success of the administrative reform is depending on the ability of reformers to overcome intraorganisational resistance to change rather than on the professional preparation of the reform-program documents. That coercive strategy, relying on the exercise of power to push through reforms, is unlikely to produce the desired results. Instead, the persuasive approach needed, aimed at mobilizing the members of the organization to be reformed. In other words, without winning over the potentially reformed, i.e. those who will be expected to adopt, assimilate and routinize the reforms, only perfunctory implementation occurs at best. Despite the significant institutional changes, the reform activity has not reached the barricades of the bureaucracy yet. The 4 years cycles of government gives very little chance to implement comprehensive reform-process because of the regular political turns. The new governments automatically reinterpret the reform-needs and revise the strategy of the predecessors. Bureaucrats learned that it is better to bide “next time” instead of “next step”.

**New Public Management is something strange**

The logic of Hungarian public administration reforms could not exceed the traditional legal approach of administration. Among the legal, political and managerial aspects of the public administration (Rosenbloom: 1986), only the legal and the political aspects were represented in the strategic plans of the administrative reform. The leaders of administrative reform were not to do with the public management approach because of the opposite stream of administrative development. Unfortunately, an important (I admit: weak) line in the Hungarian administrative history has not really been picked up by the responsible officials. This line goes back to the interwar period in 1930s, when an outstanding professor in law Zoltan Magyary was appointed government commissioner to deal with modernization of the Hungarian public administration. Commissioner Magyary visited to the United States and studied the scientific management with guidance of Luther Gulick, the “Dean of public administration”. He transferred the knowledge of POSDCORB and economy and efficiency to
Hungary. The war and the Communist regime erased this legacy. In 1970s, the managerial approach of public administration revived again (Lorincz: 1976), but the lesson has not been followed by the students. Regulatory and institutional issues have been in focus of attention and nobody has cared the costs and performance of the public administration. Policy projects have had only a start but never an end. Reports on policies and modernization strategies have usually led to new claims for more resources, without analysis of the costs and outcomes of the executed projects. Politicians and bureaucrats together formed an efficient phalanx to defend against transparency.

As the OECD newsletter, the Public Management Forum concludes: "The introduction of public management innovations based on new public management theory, applied in particular in English speaking OECD countries, has led to a decrease in levels of coordination. The profound changes in government structures necessitated a reform of accountability systems. In addition public management reforms based on New Public Management can lead to increased politicization of the administration… The relevance of the introduction of reforms based on New Public Management for the countries of Central and Eastern Europe is questionable under any circumstances, mainly because the principles on which NPM is based is at odds with Central and Eastern European traditions. However, in view of the effect that reforms based on NPM theory are likely to have one levels of coordination, politicization and accountability, the introduction of such reform strategies will certainly have a negative effect on Central and Eastern European administrations in their current states." (Verheijen: 1996. pp 5-6.) Real world experiences in Hungary show that politicians are relatively more supporting towards the introduction of New Public Management practice, while the bureaucrats and their interest representations desperately resist. But this political support is not enough for the success. The political masters loose the enthusiasm very soon when they see the resistance of the bureaucrats. A special trap comes from the lack of the democratic commitment. Though the politician are interested in the less cost and higher performance of the administration (bureaucrats not too much) and the bureaucrats are interested in the more autonomous administration (politicians not too much), they form an alliance with each other without hesitation for defending the administration from the more effective democratic control.
A comprehensive survey of the Lithuanian public administration identified prominent general issues impacting the public sector and hindering the development. (Jasaitis: 1997) They include:

1. Lack of long range strategy of administrative reforms and strategic planning,
2. Lack of basic knowledge in public management,
3. Lack of necessary training for civil servants,
4. Overregulation and conflicting laws,
5. Underpaid civil service to be non-attractive for professionals,
6. Low public involvement in the decision-making and policy process.

These findings are mostly adequate in all the CEE countries. If Hungary has any advantage it comes from the more developed societal background and local governments. The public involvement and activity is certainly higher. Jeffrey D. Straussman made a research project on the possibilities of innovation in Hungary. He found that the metaphor of a “hollow state” resonates well in the context of Hungarian public sector. Given the top down legacy of governmental activity of the previous regime, the public administration had little experience with program innovation, autonomy, and accountability. While the intergovernmental arrangements have been significantly changed since 1989, it is too early to expect civil servants to become innovative. “Besides, if risk aversion is said to be a bureaucratic condition in Western administrative systems, it surely would be more pronounced in transitional regimes.” (Straussman: 1997. p.26) Than, civil associations, foundations, nonprofit organizations are entrepreneurial enough to take public sector under pressure and force the innovative notions. Hollow state arrangements, Eastern style, will more likely be the source of innovative practices. Starussman also stress the relevance of Putnam’s concept of social capital in the Hungarian context. (Putnam: 1993.) Local governments have already discovered the importance of cooperation and private-public partnership, just as the social partnership. True enough, that the concepts of social capital and the hollow state offer a counterweight to the cases of innovation in public management that draw best practices largely from the achievements of unitary actors. Local government managers have much more autonomy in

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12 See: Milward, Brinton, Provan, Else (1993), What Does the Hollow State Look Like?”, in: Bozeman,B. (ed.) “Public Management: The state of the Art” (San Francisco: Calif.)
local policy-making than the central government administrators. The smaller size of the local
governments also makes the business more manageable on that level. As a consequence,
conflictual relations have emerged between local leaders and national level politicians and
bureaucrats because of the different “speed” of the managerial development. Tensions came
from this conflictual relation is a good source of the motivation for the government leaders to
speed up the managerial innovations.

Crucial issue is the training of politicians and administrators in order to the better
understanding of the necessity of managerial innovations. After the systemic change many
Western partners offered assistance in developing the management capacity of the public
sector in Hungary. The American USAID, Pew Charity and the British Know How Found
have organized training projects in public management targeted senior government officials
and local government administrators. The British Civil Service College has already collected
seven years experiences in training of some 500 Hungarian senior civil servants. Osborn’s and
Gaebler’s book has been translated into Hungarian\(^\text{13}\) and the “reinventing government” project
was advertised across the country. (Osborn and Gaebler: 1992) These pioneer programs have
strong impact on the formation of new administrative culture, but the results do not come
immediately. Sometimes the best students of such training just left the public administration
by the government change after elections. In a country of transition the public management
training helped successfully the entrepreneurial civil servants to move to private sector, the
“homeland” of those management methods\(^\text{14}\). The interviews made with the trainees reflect
the problem that neither the political masters nor the administrative leaders of the public
administration do require managerial attitudes from the public servants.

In 1996 the Hungarian Government released a resolution on the reform of public
administration. The resolution includes 21 tasks and two of them count as managerial
innovation:

\(^{13}\) The book was published in 1994 at Kossuth Publishing Company.

\(^{14}\) Opposit, or “normal” tendencies have developed since the last elections. The Alliance of Young Democrats
formed the government and many young managers from the private sector were appointed to public sector
executive. They represent a new culture in public administration. Managerial development has much better
chance today.
“3. The far too rigid hierarchy in the organization of public administration must be eased, the further development of managing-controlling work should promote the independence and increase the responsibility of officers, subordinated organs. Evaluating-controlling activities should become better organized, and for those who are below standard, more regular, of more supporting character. In public administration also new methods should be introduced and extensively used to measure performance and efficiency, solutions should be found and employed for due diligence to be used in major public administration organs. When preparing the official rules and agreements related to the public services supplied by budgetary institutions controlled by public administration the approach should take more into consideration the interest of citizens and organizations using public services (consuming public assets).

4. On suitable areas of public administration we should promote task-solutions based on agreements, contracts, recommendations, and subsidies. Methods of such types typical of cooperation between peers could be in justified cases also used in controlling activities, by authorities, and for necessary legislative frameworks should be made available.”

Unfortunately, the reform process aimed managerial development has been managed badly. The government commissioner responsible for administrative reform has ever been skeptical about the NPM. He and some other leading experts in public administration gladly transferred the extreme Western criticism about NPM to Hungary. They liked to ignore the fact that those Western countries have already introduced NPM and they found some elements inadequate. But in Hungary there has not been introduced any performance management tool and method and there is no anything to criticize. Visibly, those elements of the government resolution are under implementation, which require or make possible institutional solution. (It has to be mentioned that ministers did not support to make easier the rigid organization of public administration.) The Government Control Office became key player in the game as initiator of the system of management control. The government eliminated lots of regulations. But much less success has happened with the performance related objectives. The tasks as introduction of new management methods and performance measurement disappeared in the “Bermuda triangle” of ministers, bureaucrats and public service unions. Ministers showed no
interests, bureaucrats said those methods are coming from different culture, unions refused to tease the underpaid civil servants.

The current government has decided to develop performance appraisal system for the senior civil servants. The evaluation considerations concentrate on the performance in relation to the execution of the Government Program related to the given sector, including especially the operations promoting the execution of the reform of public administration. The Government also wants to receive annually summary reports on the assessment of the work of senior civil servants and their differentiated remuneration. The attitudes of the leaders in government seems to be favorable but the unions trumpeted alarm and – seeing the unified force of ministers and senior administrators – started to politicize the issue of evaluation. The president of the Union of Civil Servants supposed the government certainly wants to evaluate not the performance but the political loyalty of the public servants as the Communist government did.

Conclusions

1. The ideal model for public administration in the CEE countries including Hungary can be seen as the activity of professional body, the civil service, making decisions that are legal, rational, objective, therefore an activity relatively independent of political masters. This involves a separation between policy-making (that is, politics) and policy implementation (that is, administration). (Ridley: 1995) This model is definitely different from the administrative model of English speaking OECD countries.

2. The Hungarian public administration seems to enjoy certain advantages in adapting its new administrative system. After the first decade of transition, the Hungarian way of separation of politics and public administration shows some controversial practical experiences. The strong Prime Ministerial power and also the inherited values in politicians’ behavior may politicize the administrative appointments. The civil servants do not enjoy strong legal protection in their employment. In general, the political element plays dominant role in the public sector of CEE countries.

3. Civil servants have traditional, law based education in Hungary. (Stillman: 1994) What is badly missing the management knowledge and culture. Training is essential, but not enough. Politicians and senior civil servants are responsible for using the suitable
management tools in order to improve the cost efficiency, customer satisfaction, performance, and transparency in public administration. The Hungarian public administration reform should overcome the “trip up” democracy which means that politicians may stop the neutrality of the civil servants, bureaucrats may obstruct managerial innovations, and unions may politically compromise the performance management.

4. Local governments and civil society may be driving force of administrative reform including managerial innovations. Entrepreneurial attitudes and varied practical solution of public management may come from dawn and effect the top positively.

5. Institutional reforms are faster, easier, more spectacular than the transformation of the administrative culture. Political and administrative leaders are playing crucial role in changing the administrative culture. In order to do it, they have to be trained eg. in New Public Management, what is essential to rationalize and democratize the Hungarian public administration.
References:


Osborne,D. and Gaebler,E. (1992), Reinventing Government (Reading,MA: Addison-Wesley)


Appendix: Legislation on the Hungarian Public Administration

Law XXX of 1990 on the Ministries of Hungarian Republic

**Law XXXIII of 1990 on the Legal Status of State Secretaries**

Law XXVI of 1991 on the Extension of Supervision by Court on Public Administration

**Decisions**

**Law XXIII of 1992 on the Legal Status of Civil Servants**

Law XXXIII of 1992 on the Legal Status of Public Employees


Law LXV of 1995 on the State Secret and the Official Secret

**Government Decree 1100/1996. On the Reform of Public Administration**

**Government Decree 183/1998. On the Tasks and Authorities of the Prime Ministers Office concerning the Administrative Policies and Regional Development**