Personnel Policy Regimes, Political Discretion and Civil Service Reform in Central and Eastern Europe

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1. Introduction

The establishment of a professional and neutral civil service is one if not the key component of the process of administrative transformation. In particular, the European Commission has stressed the need for Central and Eastern European countries to create a professional and politically impartial civil service as a precondition to meet the obligations arising from EU membership. To this end, the Commission demands from Central and Eastern European governments to adopt civil service legislation that creates a professional civil service independent from political interference and with wage levels that are aligned with private sector wages (Fournier 1998). Similarly, the concept of a European Administrative Space assigns highest priority to the establishment of a professional and neutral civil service because it is the key instrument in ensuring the transfer of European administrative law principles into Central and Eastern European administrative practice (SIGMA 1999: 19, Cardona 2000).

International organisations like the World Bank and SIGMA-OECD have invested considerable effort in developing an itemised catalogue that needs to be addressed by institutional reforms in Central and Eastern Europe in order to bring about a civil service system that embodies the principles of professionalism and neutrality. Although existing civil service systems in Western Europe are commonly assumed to reflect both features, their institutional make-up differs considerably (for a recent review, Bekke/van der Meer 2000). Western European civil services have been distinguished on the basis of two polar types, that is, career or position based systems (Auer et al. 1996) or career systems and systems with other structural characteristics (Bossaert et al. 2001). Both characterisations take into account that the institutionalisation of the principles of professionalism and neutrality differs considerably among the real-world cases of civil service systems.
Despite these differences of institutional configuration, any civil service system that meets the principles of professionalism and neutrality can be assumed to share a minimum set of institutional features. In brief, it is founded in public law creating clear boundaries towards politics and private sector employment. Further, it is characterised by the formalisation of particular restrictions upon civil servants' professional and political activities outside public administration to prevent the occurrence of conflicts of interests. Finally, it establishes a management system internal to the civil service that is by and large autonomous from political interference and bound by a dense web of formalised standards and procedures to ensure the operation of the civil service on the basis of merit. As a consequence, the institutional configuration of a professional and neutral civil service is directly opposed to the personnel system of a 'real-existing socialist administration' (Koenig 1992) with its emphasis on party penetration and dependence as well as the deliberate politicisation of administrative personnel.

The empirical record of one decade of civil service reform efforts in Central and Eastern Europe suggests that reforms have generally progressed slowly and have so far not led to the emergence of civil service systems compatible with the principles of professionalism and neutrality. Therefore, this paper suggests that the analysis of civil service reform in Central and Eastern Europe requires the adoption of a theoretical perspective that meets three requirements. Firstly, it should be able to directly address the peculiar direction of civil service reform from a party dependent, non-formalised and politicised personnel system during the socialist regime era to a civil service system that is independent from political interference and operates within a dense web of formalised standards and procedures. Secondly, the theoretical framework should be able to accommodate both differing dynamics of civil service reform in Central and Eastern Europe and reform outcomes that go beyond the definition of the starting point and the desired end point of this process. Thirdly, this approach has to differentiate both among domestic and among external factors to an extent that different timings and outcomes of civil service reform can be accounted for; including the emergence of new types of civil service systems.

Following a brief discussion of the empirical record of civil service reform efforts in Central and Eastern Europe since the change of regime, this paper takes issue with the first two of these three requirements. To this end, the paper develops a framework for the comparative analysis of civil service reform that is rooted in the new economics of organisation, in particular agency theory, and its applications to democratic governance. It argues that civil service legislation defines a specific set of control instruments which politicians may be authorised to apply in the policy
process, i.e. the adoption of civil service legislation serves the purpose of determining a range of personnel policy instruments available to ministers in the day-to-day policy process. The extent to which ministers can apply personnel policy instruments can be assessed on the basis of the concept of formal political discretion. Moreover, the paper develops four types of personnel policy regimes distinguished on the basis of different degrees of formal political discretion. Finally, it briefly discusses civil service reform efforts in Hungary by means of the concept of personnel policy regimes.

2. Taking Stock with Civil Service Reform in Central and Eastern Europe

Observers of the process of administrative transformation in post-communist Europe have long argued that administrative systems in the region are on a path towards gradual Westernisation (e.g. Hesse 1993; 1998). By contrast, more recent research on the 'state after communism' has demonstrated that public bureaucracies in post-communist Europe "have proved strikingly resistant to wholesale transformation, dashing notions that modern, 'western-style' administrations could be installed with minimal effort and maximal speed" (Nunberg 1999: 265). Similarly, the establishment of professional and neutral civil services has been subject to reform delays and incomplete reforms having led to little or no progress in most Central and Eastern European countries.

Hungary is usually seen as the single exception in Central and Eastern Europe that has adopted civil service legislation early, i.e. between 1990 and 1992, and has eventually embarked on a path of continuous reform. By contrast, most Central and Eastern European countries have adopted formal-legal frameworks for the personnel of their administrations only towards the end of the 1990s and some countries have not yet passed any civil service legislation. Among those countries that have adopted civil service legislation, Estonia adopted an Act of Parliament in 1995, Poland in 1998, Lithuania, Bulgaria, Romania and Albania in 1999 and Latvia in 2000. Other countries have considered the adoption of a civil service Act and, at the time of writing, had prepared a draft Act (Cardona 2000: 10-12). By contrast, a country like the Czech Republic has even had difficulties to produce a draft Act. Although it is considered a first wave candidate for accession to the European Union, it is expected that a civil service Act will only be adopted in 2002 (Vidláková 2001).

At the same time, there is little evidence that the adoption of civil service legislation has spurred the creation of a professional and neutral civil service that meets the minimal institutional standards outlined above. For instance, Verheijen (2000: 29) argues that 'civil service laws have
seldom been the expected catalysts for the stabilization, depoliticization and professionalization of the central administration. Rather than being a starting point for the development of civil service policies, the adoption of laws has become an objective in itself. Apart from Hungary, none of the candidate countries has come close to the development of a civil service policy, in addition to the necessary legal framework’. As a result, civil service legislation that has been adopted often exhibits systematic gaps and vague formulations, which render the prospects of professionalisation of the civil service problematic.

The World Bank has sought to evaluate the performance of Central and Eastern European civil services in the context of EU accession with reference to international best practice (edited by Nunberg 2000). It argues that real progress in civil service development is evident when it comes to ’credible efforts to delineate the outlines of the basic legal and institutional foundation for a professional, de-politicised civil service’. At the same time, it concludes that these 'findings, however, reinforce the previous impression that administrative development in Central and Eastern Europe has mainly been incipient and/or intermittent' (Nunberg 2000, quoted from draft version). For instance, formal legal frameworks were characterised as incomplete, locking in inappropriate incentives and sometimes containing contradictions on important matters, such as ethics guidelines. Hence, civil service management systems do not (yet) appear to have reached levels of institutionalisation that correspond to the institutional requirements of a professional and neutral civil service.

The discrepancy between the alleged intention of civil service legislation and the practice of personnel policy has been emphasised with respect to the role of top civil servants. On this aspect, first research has found that that, at the central government level, politico-administrative relations are characterised by 'instability', as incoming governments show little willingness to continue to work with the administrative staff that has served their predecessors in government (Verheijen 2001). Moreover, Goetz/Wollmann (2001: 880) observe a 'persistent influence of party politics in the management of personnel policy' and the tendency of ministers to 'surround themselves with entourages of political advisors'. Hence, political interference at the top of the civil service continues to hamper progress towards the emergence of a professional and neutral civil service. At the same time, Goetz/Wollmann (2001: 881) argue that there are signs of professionalisation in some key policy areas including fiscal and budgetary policy and management of EU accession. Thus, they contest that there is clear evidence of the emergence of so-called 'islands of excellence’ in some key policy areas, but they hesitate to conclude that these islands will provoke a spill-over effect to the wider central administration.
In sum, it is fair to argue that the study of civil service reform in Central and Eastern Europe is still in an early state of development. However, the recent empirical findings reveal that there seems to be no high speed lane that leads to the successful institutionalisation of a professional and neutral civil service. Moreover, these empirical studies suggest scepticism with respect to the prospects of a natural process of gradual Westernisation as suggested by the modernisation paradigm or the expectation of a quick and faithful implementation of EU-compatible institutional reforms in Central and Eastern Europe. Hence, questions referring to the timing, progress and outcomes of civil service reforms in Central and Eastern Europe are far from being answered. For instance, what accounts for the fast-track reforms in Hungary as opposed to the majority of CEEC as well as the lagging behind of the Czech Republic? It may be argued that the Czech Republic has come into being only after the break up of Czechoslovakia. However, it remains puzzling why a country with good records in economic and political reforms and the prospect of being a first wave candidate for EU accession is unable to produce major progress in the area of civil service reform.

Furthermore, the first decade of civil service reform after the change of regime tends to raise important theoretical questions. Because institutional reforms of Central and Eastern European civil services have neither progressed quickly nor have the outcomes of the first reform rounds led to the institutionalisation of a professional and neutral civil service, we might raise the possibility of the emergence of civil service systems whose features are not easily grasped by standard categories of the study of civil services in Western democracies. Correspondingly, Goetz/Wollmann (2001: 882-884) and Goetz (2001) seek to come to grips with the puzzling empirical record of administrative reform more widely in Central and Eastern Europe. They put forward several contending images. Firstly, they argue that the transformation of the post-socialist central executive is an unfinished project. This suggests that the process of modernisation and/or Europeanisation is still incomplete and one might want to conclude that the desired developmental objective of a professional and neutral civil service will emerge in the medium term. Secondly, they suggest to compare the administrative reform developments in Central and Eastern Europe with the debate on the emergence of 'defective democracies' such as 'delegative democracies' (O'Donnell 1994). Accordingly, we might witness the emergence of a new 'defective type of civil service' in comparison to Western standards of professional and neutral civil services (see also Goetz 1995, Goetz/Margetts 1999). This scenario implies the possibility for the emergence of distinct type of post-socialist civil service. Finally, Goetz (2001) argues that the outcomes of post-socialist administrative developments of the last decade reflect
pathologies similar to Southern European and Latin American experience. Accordingly, we might observe the Latinisation of post-socialist civil services.

In sum, these brief empirical observations and theoretical considerations provoke the attempt to search for a theoretical avenue that is able to accommodate both the differing dynamics of civil service reform in Central and Eastern Europe and reform outcomes that go beyond the definition of the starting point and the desired end point of civil service reform. Moreover, such theoretical framework should pay particular attention to the dynamics of a desired transition from a party dependent, unformalised and politicised personnel system to a professional and neutral civil service autonomous from political interference and operating on the basis of formalised standards and procedures. Finally, at the theoretical level, it is required to differentiate domestic and external factors to an extent that differing paths and outcomes of Central and Eastern European civil service reform can be accounted for; including the emergence of new types of civil service systems. The remainder of this paper takes issue with the first two of these three conclusions. It seeks to develop a framework for the analysis of the paths and outcomes of civil service reforms in post-socialist Europe paying particular attention to the problem of horizontal differentiation between politics and administration. The analytical framework is rooted in the new economics of organisation, in particular agency theory, and its applications to democratic governance.

3. Principals, Agents and the Logic of Delegation in the Democratic Policy Process

In brief, agency theory assumes that, whenever one individual depends on the action of another, an agency relationship arises. The analytic expression of an agency relationship is the principal-agent model. It describes how one party, the principal, considers entering into a contractual agreement with another, the agent, in the expectation that the agent will subsequently choose actions that produce outcomes desired by the principal. (Moe 1984) Through delegation the principal(s) can overcome transaction costs arising from collective action problems and take advantage from a division of labour with the agent(s). Given a natural conflict of interest and information asymmetries, the principal cannot perfectly and costlessly monitor the agent’s action and information. Consequently, the principal’s decision problem is to design an incentive structure that the outcomes produced through the agent’s efforts are the best the principal can achieve, given the choice to delegate in the first place. In a world of positive transaction costs, however, these efforts will remain inherently costly and imperfect (Kiewiet/McCubbins 1991).
Principal agent analysis has been applied to the policy process of both presidential and more recently parliamentary democracies. At the most general level, liberal democracies reflect a chain of delegation and accountability with multiple links that ranges from voters to the ultimate policy makers. Strom (2000: 269) argues that, in contrast to presidential democracy, parliamentary democracy is characterised by a 'singularity principle', i.e. an 'ideal typical parliamentary democracy (...) features a single chain of command, in which at each link a single principal delegates to one and only one agent (or several non-competing agents), and where each agent is accountable to one and only one principal'. Hence, citizen voters delegate authority to elected representatives who eventually delegate authority to the executive branch; ideally typically the prime minister as head of government. The chain of delegation continues from the prime minister to the heads of different executive departments, that is, the cabinet minister, and from cabinet ministers to civil servants. Conversely, each of these agents is accountable to one principal.

From this ideal typical perspective, minister principals in parliamentary democracies can benefit from a division of labour with their civil servant agents, in which they can take advantage of bureaucratic expertise in policy development and invariably rely on civil servants when they implement policies. At the same time, delegation can reduce ministers' control over government action, if circumstances allow civil servants to cast the democratic mandate of ministers aside and to pursue their own interests. In politics, this problem of agency is referred to as shirking or bureaucratic drift. In accordance with the definition of agency problems discussed above, shirking denotes any form of non-compliance by the agent that results from a conflict of goals and information asymmetries (McCubbins/Page 1987). Thus, in theory, ministers who rely on the delegation of tasks to the civil service in the policy process make a trade-off between the losses accruing from agency problems and the efficiency gains resulting from a division of labour with civil servants. Consequently, ministers are supposed to adopt control measures in order to mitigate potential losses from bureaucratic non-compliance and to provide incentives for civil servants to achieve the policy outcomes they desire.

So far, there are few studies that analyse the relation between delegation and governance at the politico-administrative interface in parliamentary democracies. Rather, delegation studies have

1 I restrict myself to parliamentary democracies. However, Strom (2000) argues that systems of government usually distinguished as semi-presidential (e.g. Elgie 1999) share the features of parliamentary systems of government when analysed through the lens of agency theory, but they happen to have a popularly elected president. Therefore, in principle, the large majority of Central and Eastern European countries is covered by this perspective, but I am very much aware that this point requires further elaboration.
2 For exceptions, see Ramseyer/Rosenbluth (1994), Moe/Caldwell (1994), Huber/Lupia (2001), Huber (2000). In principle, Horn's (1995) transaction costs approach to institutional choice in the public sector is also compatible with parliamentary systems though at a very general level.
mainly directed attention to separation of powers systems. The focus of research has been on analysing the extent of policy-making authority legislators in the US Congress delegate to bureaucratic agencies (Epstein/O’Halloran 1999, Bawn 1995) and on explaining how legislators use, refer to, or choose to specify formal-legal instruments defined in constitutional and administrative law in order to control US federal bureaucratic agencies. The purpose of these studies is to identify whether or not democratically elected politicians control their bureaucratic agents, the conditions under which control of the bureaucracy is possible (Lupia/McCubbins 1994), and the strategies legislators choose to control bureaucratic agencies (Bawn 1997).

The instruments of political control over civil servants in the policy process can be broadly distinguished into ex ante and ex post measures of control (McCubbins/Page 1987). At the most general level, ex ante means of control of civil servants can be distinguished in four groups (see Schuppert 2000: 460). Firstly, in a constitutional democracy, 'normative control' by means of legislation is the key instrument to determine the activities of civil servants. Secondly, 'structural control' by means of organisational and procedural devices serves to 'channel' the behaviour of civil servants into particular directions desired by their principals. It is important to distinguish between 'channelling' civil servants behaviour into a certain direction by means of organisational and procedural devices and 'auto-piloting' an administrative agency and the behaviour of its employees. In other words, in accordance with the standard assumptions of institutionalist theory, structural control indirectly targets the organisational behaviour by means of institutional choices, i.e. it seeks to 'induce' a particular course of civil servants' behaviour (cf. McCubbins/Noll/Weingast 1987, 1989).

By contrast, 'control by means of personnel' directly targets the behaviour of civil servants. In comparison to the former two means of control, civil servants function as agents in the policy process and gate-keepers of the administrative organisation. The literature on political control in parliamentary democracies has, for instance, emphasised the appointment of senior civil servants by ministers or the government collectively as an important ex ante control instrument (e.g. Huber 2000). Finally, Schuppert (2000) mentions 'budgetary control' as the fourth ex ante instrument of control. However, budgetary control effectively cuts across the first three ex ante means of control. It serves as a central means of ex ante (and ex post) control, but is not necessarily analytically distinct from the previous three groups of control instruments (cf. Moe 1987). By contrast, ex post instruments are in effect after the minister has delegated authority to
perform certain tasks to civil servants. They include for instance routine oversight of ministers, ex post control by the courts, and the role of interest groups in supervising bureaucratic action and drawing deviation of bureaucratic action with political intent to legislators’ attention (e.g. McCubbins/Schwartz 1984).

4. Personnel Policy Domains and Varying Degrees of Formal Political Discretion

With reference to this literature on delegation and governance, we can argue that civil service legislation therefore defines a specific set of control instruments which politicians may be authorised to apply in the course of the policy process. More specifically, civil service legislation defines the set of personnel policy instruments, which ministers can choose to apply as ex ante control measures in the day-to-day policy process in order to achieve the policy outcomes they desire. At the same time, personnel policy is but one possible control measure ministers can adopt in order to mitigate potential losses from agency and to (re-)align the incentives and preferences of civil servants. The majority of ex ante and ex post control instruments is defined by other sources of administrative and constitutional law or is subject to internal ministerial procedures regulated by ministerial decree. Consequently, the adoption of civil service legislation serves the specific purpose of determining a range of personnel policy instruments eventually available to ministers and/or his political colleagues in the day-to-day policy process.

We can argue that the perspective on civil service legislation as a means to provide and structure a set of personnel policy instruments ministers can apply in the policy process means that civil service legislation defines different degrees of formal political discretion. With reference to the ideal typical perspective upon parliamentary democracies, we can generally define formal political discretion over personnel policy as the possibility of a minister to determine the outcomes of personnel policy. This definition begs two questions. Firstly, where does formal political discretion apply, i.e. what are the domains in which political discretion can be exercised. Secondly, because civil service legislation is unlikely to assign political discretion in a uniform way across these domains, different national institutional settings or across time, the second question refers to the extent to which political discretion can be exercised.

We will begin with the domains of personnel policy in which formal political discretion can be exercised and discuss its extent in order to provide a working definition of 'degrees of formal political discretion' further below. The relevant personnel policy domains are the allocation of

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3 In this context, I understand ex ante control widely, including guidance and steering of civil servants. In public administration and law, ex post control is mostly equated with accountability (see Scott 2001). I will use the terms ex
civil servants in the administrative organisation and the determination of levels of remuneration for civil servants. Hence, in this context, personnel policy refers to two distinct aspects of a civil service management systems, but as will become clear in the discussion below, other aspects of civil service systems are integrated into these two domains. The measures to determine the allocation of civil servants in the administrative organisation are commonly referred to as the minister's powers of appointing civil servants. However, they equally apply to the promotion and lateral transfer of civil servants as well as the decision to admit new members of the civil service; provided the latter decision is separated from a positional appointment.

From the perspective of principal agent analysis, personnel appointments serve to overcome the conflict of interest between minister principals and civil servant agents (Lupia/McCubbins 2000). Yet once a match of preferences between ministers and civil servants has been achieved, the second problem of asymmetric information should be resolved, too. It should be resolved because in principle the match of preferences ensures that a self-interested civil servant will pursue actions that correspond to the desires of the minister prior to his decision to delegate a set of tasks to the civil servant. At the same time, the elimination of information asymmetries by means of personnel appointments rest on two assumptions. Firstly, the minister can exactly observe the preferences of the civil servant at the moment of selection and appointment (Calvert/McCubbins/Weingast 1989). Secondly, it assumes that neither the civil servant nor the minister change their preference during the course of their interaction. If this occurs, the minister incurs additional costs of both checking the action of the civil servant and taking corrective measures to re-align the civil servant's preferences with his own preferences. Hence, personnel appointments serve to mitigate the problems of conflict of interests and information asymmetries, but they cannot eliminate them. On the one hand, the application of agency theory implies the general existence of asymmetric information by way of assumption. On the other, one should take into account that the civil service is neither a unitary actor nor a collective actor of small size; hence, even if both problems were theoretically solved, there would remain the practical problem of its limited applicability.

Bearing in mind that, everything else being equal, the allocation of a civil servant to an administrative position is of limited effectiveness, the key to an understanding of the problem of formal political discretion are the distribution of decision-making authority and the procedural constraints upon its exercise. Sticking to the ideal perspective of a minister (rather than the government) as principal of a civil servant, civil service legislation does usually neither guarantee ante and ex post control. If the term accountability is used, it refers to ex post control.
unilateral authority over appointment decisions nor its unlimited scope of application to a
minister. Rather, civil service legislation may stipulate that the minister can only appoint civil
servants to certain positions, for instance, the head of an agency or the administrative head of the
ministry. At the same time, other positions may be excluded from a minister's authority to appoint
civil servants. Moreover, civil service legislation may set out a procedure to appoint a certain
group of civil servants in which the minister shares decision-making authority with other political
and/or administrative actors. As a consequence, a minister will only be able to appoint a civil
servant with matching preferences to the extent that other parties involved in the appointment
procedure will share the same preferences. In other words, the more the preferences of the
decision-makers diverge, the more difficult it is to align preferences between minister and
appointed civil servant and hence to overcome problems of agency (Hammond/Hill 1993). This
constellation is comparable to a problem of multiple principle, in which an agent may exploit
disagreement between multiple preference in her own favour (McCubbins/Noll/Weingast 1989).

Secondly, minister's powers to allocate civil servants may not only be restricted in terms of scope
and through the need to get involved in collective action, but also as a result of procedural
constraints he has to follow prior to taking a decision. Civil service legislation may reduce the
pool of eligible candidates a minister can appoint to internal candidates only rather than granting
a free choice of candidates for appointment to a civil service position. Moreover, civil service
legislation may oblige a minister to choose only those candidates who meet certain standards of
qualification or experience. Similarly, the obligations upon civil servants' political and
professional activities may indirectly narrow a minister's freedom of choice. For instance, if the
simultaneous holding of party office or an occupation in the private sector are prohibited by law,
a potential candidate may incur opportunity costs of foregoing the benefits of an activity outside
the civil service (similarly Huber 2000: 400). A decision to appoint a civil servant may also be
constrained by the minister's lack of possibility to dismiss a civil servant once she has been hired.
Hence, a minister will be unable to re-align the civil servant's preference with his own one in case
the preference of either parties changes over time (Hammond/Knott 1996). Finally, if a special
formalised disciplinary procedure for civil servants has been put in place, a minister may either
not be involved in the proceedings at all or he may have to follow a procedure that grants him
little discretion and also gives the civil servant the right to appeal against the outcome of the
decision.

The second domain of personnel policy over which a minister may be allowed to exercise
political discretion refers to the determination of levels of a civil servant's remuneration. In
general, pay serves to impact on the motivation of employees to perform the best level of effort as desired by the principal (Prendergast 1999). In this context, remuneration measures have the same purpose but they rather take on the form of positive (or negative) rewards ministers may use in the policy process. The characterisation of civil service employment systems as internal labour markets (Wise 1996) and the importance of varieties of social dialogues (Bosseart et al. 2001) for the determination of remuneration levels of members of the civil service is not conducive to the provision of formal political discretion. Firstly, the determination of pay levels either in form of collective bargaining or as a unilateral act of parliament does not leave any room for the adjustment of remuneration levels of individual civil servants. Secondly, in internal labour markets, wages attach to jobs rather than to individuals. Therefore, we should expect civil service legislation to provide only low levels of formal political discretion over the determination of an individual civil servant's wage level. However, if a civil servant's wage level is not exclusively determined by the job classification, but also dependent on the civil servant's performance on the job, a minister may be authorised to 'adjust' a civil servant's wage. For instance, he may have the right to reward (good) performance of civil servants and grant a remuneration bonus to a civil servant. Moreover, because wages are attached to the job classification, a minister who can exercise a certain degree of political discretion over promotion decisions may reward a civil servant by means of promotion to a higher job classification. At the same time, like in the domain of personnel allocation, the minister's discretion to intervene into the determination of civil servants' remuneration level may be constrained by formal procedures or standards he has to meet prior to taking action.

In sum, civil service legislation serves to define the specific set of personnel policy instruments as one among other instruments ministers can choose to apply in the day-to-day policy process in order to control civil servants. Civil service legislation defines varying levels of formal political discretion in the personnel policy domains of allocating civil servants in the administrative organisation and determining their levels of remuneration. Hence, civil service legislation serves both to enable and to constrain the exercise of political discretion on two key dimensions of both personnel policy domains. On the first dimension, it is simply a matter of who is authorised to take a personnel policy decision. For instance, is this the minister who can decide unilaterally, does he have to share the authority with other members of the government or with actors functionally defined as civil servants, or are civil servants or a third party responsible for the respective personnel policy decision. Hence, on this dimension civil service legislation delegates varying degrees of decision-making authority over personnel policy to political and/or administrative institutions. Yet, the distribution of decision-making authority may be different
across different aspect of personnel policy domains and it is likely to be different across different positions of the civil service, i.e. the size of the pool of civil service positions subject to potential exercise of political discretion may be limited.

The second dimension refers to the restriction upon the exercise of this decision-making authority. These restrictions can be understood as procedural constraints. They include the existence of standards and formal procedures a minister has to follow before taking a personnel policy decision. Moreover, the allocation of civil servants may be constrained by the size and nature of the pool of candidates a minister can choose from. Finally, a minister may be further constrained by indirect constraints arising from civil servants' rights and duties upon the his ability to create vacancies for the allocation of civil servants in the first place.

Therefore, at the conceptual level, we can distinguish degrees of formal political discretion from high to low. Correspondingly, we can define the degree of formal political discretion over personnel policy as the extent to which the government of the day, or its ministers, has the possibility to exercise personnel policy authority and the extent to which the exercise of this authority is subject to specific procedural constraints. I have emphasised the word 'possibility' because a high degree of formal political discretion does not mean that it is exercised in practice; rather it provides the means to do so. In principle, both the delegation of decision-making authority over personnel policy and the procedural constraints upon the exercise of this authority are two sides of the same coin. The delegation of decision-making authority is the key variable, but it is the procedural constraints that complement and differentiate degrees of formal political discretion. It follows that as procedural constraints become less restrictive, the degree of formal political discretion increases. Therefore, we can assume that civil service legislation that grants decision-making authority to political institutions and stipulates a minimum of procedural constraints, is equivalent to the highest degree of formal political discretion. If non-political institutions are authorised to take personnel policy decisions, the same logic applies. The reason is that a minister may be able to exercise some kind of indirect political discretion, the less confining the procedural constraints on a personnel policy decision are. Figure 1. summarises the discussion with an illustration of degrees of formal political discretion. The next section distinguishes four types of personnel policy regimes on the basis of different degrees of formal political discretion.
5. Four Types of Personnel Policy Regimes

Based on the concept of formal political discretion, it is possible to distinguish different types of personnel policy regimes. The term 'personnel policy regime' is appropriate because its common application in political science literature of different types of political regimes catches the aspects of institutional arrangements that structure the access to and the exercise of political power. Therefore, types of personnel policy regimes are conceived as institutional arrangements that structure the access to the specific set of personnel policy instruments and structure the way they are exercised. This perspective corresponds to the understanding that civil service legislation or corresponding legislation represent institutional arrangements that define a degree of formal political discretion over personnel policy. These personnel policy regimes then differ with respect to their degree of formal political discretion. Below I will develop four distinct ideal types of personnel policy regimes that can be distinguished on the basis of the two personnel policy domains and their institutional features as outlined above. These ideal types can eventually be used for an assessment of civil service legislation in different national settings as well as at different points in time.

5.1. De-Politicised Personnel Policy Regimes

The degree of formal political discretion is lowest in personnel policy regimes that create the institution of a civil service in public law, define clear boundaries of the civil service and establish a distinct personnel management system with the following characteristics. Political institutions are formally the head of the civil service. However, in the domain of allocating civil servants to the administrative organisation, political institutions have little or no discretion in neither the admission of new members to the civil service nor in the appointment of a civil
servant to all positions functionally defined as civil service positions. Moreover, political institutions have little or no discretion in the determination of civil servants' levels of remuneration. Rather, personnel policy decisions in both domains are the result of civil service self-government and take place within a dense web of formal procedures and standards including also extensive provisions for social dialogue to determine civil servants' remuneration levels.

In the domain of allocating civil servants this does not mean that political institutions have no influence at all over an allocation decision. However, the decision to appoint civil servants, in particular, to the highest positions of the administrative organisation is effectively pre-determined by a civil service commission or a similar body. This body proposes either a single or a small number of candidates to the political leadership who can eventually select among them and formally appoint them to the respective post. Hence, the admission of new members to the civil service is entirely removed from political decision-making authority, whereas selection and appointment procedures minimise the opportunity to exercise political discretion. At the same time, formal political discretion is limited to formal leadership of political institutions over the civil service, which in turn may lead to some kind of informal anticipated reaction of the pre-selecting body in the day-to-say process of personnel policy to accommodate the preference of the political leadership.

Furthermore, personnel policy regimes with lowest degrees of formal political discretion are distinct with respect to rights and duties of civil servants representing a context of considerable indirect procedural constraints for the exercise of political discretion. Firstly, civil servants have the duty to explicitly demonstrate political neutrality and hence have neither minimum rights to pursue political activities nor are they in a position to demonstrate partisanship while performing their civil service job. Similarly, professional activities outside the civil service are prohibited except for certain artistic and intellectual activities. Finally, civil servants enjoy extensive protection against dismissal from the civil service as well as transfer from the position they hold as a result of statutory provisions and a highly formalised disciplinary procedures with no political involvement.

We can label this set of institutional arrangements a 'de-politicised personnel policy regime'. The reference to the concept of politicisation sheds light on the potential impact of varying degrees of

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4 I refer to all civil service positions because on the one hand, the types represent ideal types and on the other, I want to avoid complicating the typology through the further distinction of the size of the pool of civil service positions. I will stick to this simplification when discussing the other three types of personnel policy regimes.
formal political discretion. In other words, because the degree of formal political discretion is lowest in this first type of personnel policy regimes, political actors have little room to intervene into personnel policy and hence the potential for a politicisation of the civil service is very low. In the real world, the British Whitehall model approximates a de-politicised personnel policy regime most closely. However, the British civil service has undergone considerable change over the last two or even three decades. Campbell/Wilson (1995) contest the 'end of a paradigm' emphasising for instance the increased interest Prime Minister Thatcher demonstrated in choosing top civil servants.

Moreover, Bogdanor (2001) criticises the impact of increasingly recruiting senior civil servants from outside the civil service arguing that that 'someone recruited from outside by virtue of relevant knowledge is very likely to arrive with political baggage, policy commitments derived from previous experience. (...) It is not clear, therefore, how far outside recruitment to senior policy positions in the Civil Service can avoid the dangers of politicisation or at least a degree of prior policy commitment, incompatible with traditional notions of political neutrality' (Bogdanor 2001: 296). Finally, the administrative reforms of a new public management type have moved senior civil servants onto contracts, which have reduced ministers' constraints upon the dismissal of senior civil servants (Foster 2001, Polidano 1999). Hence, to the extent that the British Civil Service displays features of a de-politicised personnel policy regime, we might want to qualify this arguing that this view fits better the institutional configuration of the pre-Thatcher era than the developments that have taken place since.

5.2. Personnel Policy Regimes Allowing Structured Politicisation

The second type of personnel policy regimes displays a low to medium degree of formal political discretion. It differs from de-politicised regimes in three respects. Firstly, in principle, political institutions are authorised to appoint civil servants to all civil service positions, but they lack discretion to admit new members of the civil service. Secondly, whereas the membership of civil servants in the civil service is well protected, their positional appointment is not. In other words, political institutions can choose to transfer but not to dismiss civil servants in order to create vacancies for new appointments. Thirdly, civil servants hold rights to political activities which effectively allow them to openly take on political roles. This feature complements the first two, as the possibility to exercise political discretion over the appointment and transfer of civil servants would practically be incompatible with high-level restrictions upon civil servants' rights to pursue

\footnote{For reasons of logical coherence, it seems useful to include this point, but in practical terms, I am more than hesitant to do so.}
political activities. As a consequence, this personnel policy regime selectively grants formal political discretion to political institutions but generally maintains high-levels of procedural constraints. Furthermore, remuneration levels remain beyond the reach of political institutions and civil servants are obliged to forego alternative professional activities.

Consequently, we can distinguish this personnel policy regime from the former as one that allows for 'structured or channelled politicisation'. This label takes into account that this institutional configuration grants political actors the opportunity to satisfy their short-term needs to mitigate agency problems by granting them rights to apply selected personnel policy instruments in the policy process. At the same time, this formal political discretion is pre-structured by determining the pool of eligible candidates and by maintaining high levels of procedural constraints. For instance, Germany and France represent two real-world cases that correspond more or less to a personnel policy regime that allows structured politicisation. In Germany, it is common practice that incoming governments take advantage of their formal political discretion to appoint new top civil servants; usually recruited from inside the ministry (Derlien 1988, Mayntz/Derlien 1989). These so-called political civil servants make up the top two positions of the ministry and can be sent into early retirement at all times. German civil service legislation does formally not prohibit the appointment of top civil servants who have been recruited from outside the civil service. However, every outside recruitment is required to meet respective entry criteria and has to be approved by the civil service commission before the appointment. At the same time, civil service legislation provides German civil servants with rights to be member of political parties. Moreover, they may become member of parliament without entirely foregoing their right to be member of the civil service in the future and to pursue a career in the civil service. Although the institutional set-up of the French civil service is generally assumed to differ considerably, it shows striking similarities when assessed through the lens of formal political discretion (e.g. Suleiman 1984).

5.3. Personnel Policy Regimes Allowing Hidden Politicisation
The third ideal type of personnel policy regimes is characterised by medium to high levels of formal political discretion. It differs from the previous two in several respects. Firstly, political institutions are not only authorised to appoint civil servants to their position, but also wield considerable political discretion in the admission of new members to the civil service. Secondly, although a job classification has been established and wages are determined accordingly, the civil service legislation provides political institutions with one or several mechanisms to 'adjust' an individual civil servant's level of remuneration. At the same time, procedural constraints for both
the allocation of civil servants and the determination of civil servants' pay are soft. This means that formalised procedures and standards may not be in place or may be formulated 'sufficiently' vaguely. As a result, political actors may be allowed to exercise indirect political discretion even over personnel policy decisions in both domains that are formally under non-political decision-making authority. In other words, political actors may exercise political discretion over these positions through civil servants that have previously been appointed on political grounds.

Moreover, political activities of civil servants are moderately restricted for reasons of compatibility as in the case of personnel policy regime allowing structured politicisation. However, in this case civil servants are also allowed to pursue professional activities outside the civil service or the civil service legislation provides one or several exceptions to undermine the otherwise stipulated prohibition. Finally, although the civil service legislation provides for permanent tenure, it includes one or several mechanisms for ministers to dismiss members of the civil service; possibly with few restrictions upon unilateral exercise of political discretion. As a consequence, we can distinguish this personnel policy regime from the previous two by its potential to allow for 'hidden politicisation'. On the one hand, it is established through civil service legislation in public law, draws boundaries of the civil service and sets up a personnel management system that at first glance shares many features of the first two types of civil service systems outlined above. On the other, it tends to assign either considerable decision-making authority directly to political institutions or complements non-political personnel policy processes by means of one or several exceptions granting high levels of formal political discretion. Moreover, the lack of or vagueness of procedural constraints increases the level of formal political discretion inherent to this type of personnel policy regime. As a result, the potential politicisation of the civil service is more of a hidden than an obvious nature.

In the real world, there is good reason to believe that many Central and Eastern European cases approximate this type of personnel policy regimes that allow hidden politicisation. So far, empirical research has not focused exclusively on assessing the degree of formal political discretion inherent to Central and Eastern European civil service legislation. However, the observation made in the first section including high turnover ratios among senior civil servants (Verheijen/Rabrenovic 1999), party political influence in appointments (Goetz/Wollmann 2001), and above all the emphasis on incomplete, partly contradictory and vague civil service legislation (Nunberg 2000) point in this direction. Below, I will argue that although Hungary has the

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6 A first attempt to assess the outcomes of civil service reform from the perspective of formal political discretion has been made in my recent article (2001) on civil service reform in Hungary.
reputation of being a front-runner in the field of civil service reform, the Hungarian personnel policy regime continues to represent a case that allows hidden politicisation.

5.4. Personnel Policy Regimes Allowing Over-Politicisation

Finally, a fourth personnel policy regime that displays highest levels of formal political discretion can be distinguished from the previous three types. The key difference vis-a-vis a personnel policy regime that allows for hidden politicisation is its lack of a separate legal framework that establishes the institution of a civil service. Instead, administrative personnel is primarily regulated by labour legislation, which also applies to employees in the private sector. As a consequence, there is neither a limited scope of the civil service nor is there a personnel management system that applies to all employees of public administration. Instead, we are likely to see personnel management systems that apply to distinct administrative units and may differ from one unit to another. Hence, we might observe fragmented and incoherent personnel management systems. Most important, these features have implications for the degree of formal political discretion because the employment relationship between the administrative unit and an employee is similar to private sector arrangements. Consequently, political institutions are exclusive holders of decision-making authority over personnel policy and the restrictions upon its exercise are effectively none due to the general lack of formalisation. Moreover, civil servants face a situation in which they are neither restricted by any obligations upon their political and/or professional activities nor do they enjoy any particular protection of their job. Put simple, employment is at will, subject to restrictions posed by labour legislation only.

Therefore, we can distinguish this type of personnel policy regime from the other three as one that allows 'over-politicisation'. Obviously, Central and Eastern European countries before adopting civil service legislation and those countries that have not yet adopted any legislation approximate this type of personnel policy regime. The term 'over-politicisation is borrowed from Goetz/Wollmann (2001) who characterise the personnel policy of real-existing socialist administrations as 'over-politicised'. In principle, there is no reason to omit the real-existing socialist administration from this typology of personnel policy regime because in institutional terms they approximate this ideal personnel policy regime quite closely. In contrast to Goetz/Wollmann (2001), however, the emphasis in this context is on the potential for over-politicisation. Therefore, the similarity in institutional configuration of pre-1989 and post-1989 personnel policy regime in many Central and Eastern European countries justifies the grouping together of both periods in one category of personnel policy regimes. It should, however, be emphasised that the personnel policy practice has fundamentally differed before and after the
change of regime; with or without civil service legislation. Moreover, we might add that the nomenclature personnel policy effectively created a duty for (higher-level) employees of the administration to be a member of the socialist party. Hence, taking into account this latter feature of the personnel policy regime of the real-existing socialist administration, we can argue that it represents the polar opposite type to the ideal de-politicised personnel policy regime outlined above. Table 2 summarises the key features of the four types of personnel policy regimes. The next section briefly applies the concept of personnel policy regimes to civil service reform efforts in Hungary.
### Figure 2. Four Types of Personnel Policy Regimes

<table>
<thead>
<tr>
<th>Institutional Aspect of Personnel Policy</th>
<th>De-politicisation</th>
<th>Structured Politicisation</th>
<th>Hidden Politicisation</th>
<th>Over-Politicisation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Legal Status</strong></td>
<td>Special civil service legislation</td>
<td>Special civil service legislation</td>
<td>Special civil service legislation</td>
<td>No Special legislation</td>
</tr>
<tr>
<td>Authority to admit new members to the civil service</td>
<td>Administrative institutions</td>
<td>Administrative institutions</td>
<td>Political institutions</td>
<td>Political institutions</td>
</tr>
<tr>
<td>Authority to appoint civil servants to positions</td>
<td>Administrative institutions</td>
<td>Political institutions</td>
<td>Political institutions</td>
<td>Political institutions</td>
</tr>
<tr>
<td>Authority to determine civil servants’ remuneration levels</td>
<td>Remuneration levels are attached to job classification or positions / equivalent to administrative institutions</td>
<td>Remuneration levels are attached to job classification or positions / equivalent to administrative institutions</td>
<td>Remuneration levels are attached to job classification or positions, but important exceptions granting authority to political institutions</td>
<td>Multiple personnel management systems, individual contracts are possible / equivalent to political institutions</td>
</tr>
<tr>
<td>Procedural constraints upon allocation of civil servants</td>
<td>Dense web of formalised procedures and standards</td>
<td>Dense web of formalised procedures and standards</td>
<td>Procedures and standards are either not defined or vague</td>
<td>No explicit procedures and standards</td>
</tr>
<tr>
<td>Procedural constraints upon determination of civil servants’ remuneration levels</td>
<td>To the extent that adjustment is possible, embedded in dense web of formalised procedures and standards</td>
<td>To the extent that adjustment is possible, embedded in dense web of formalised procedures and standards</td>
<td>In case of exceptions: procedures and standards are either not defined or vague</td>
<td>No explicit procedures and standards</td>
</tr>
<tr>
<td>Obligations of civil servants - regarding political activities</td>
<td>Explicit emphasis on political neutrality and professionalism &amp; obligation to refrain from political activities as far as possible</td>
<td>Despite emphasis on political neutrality and professionalism - political activities can be pursued within limits</td>
<td>Despite emphasis on political neutrality and professionalism - political activities can be pursued within limits</td>
<td>No explicit obligations</td>
</tr>
<tr>
<td>Obligations of civil servants - regarding professional activities</td>
<td>Explicit emphasis on professionalism and neutrality - obligation to refrain from professional activities with minor exceptions</td>
<td>Explicit emphasis on professionalism and neutrality - obligation to refrain from professional activities with minor exceptions</td>
<td>Despite emphasis on professionalism and neutrality, one or several exceptions to pursue professional activities</td>
<td>No explicit obligations</td>
</tr>
<tr>
<td>Rights of civil servants - regarding their position</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>No explicit rights / employment at will</td>
</tr>
<tr>
<td>Rights of civil servants - regarding their membership in the civil service</td>
<td>Emphasis on permanent tenure / extensive protection of membership / dismissal only in exceptional cases</td>
<td>Emphasis on permanent tenure / extensive protection of membership / dismissal only in exceptional cases</td>
<td>Emphasis on permanent tenure, but limited protection of membership resulting from one or many exceptions</td>
<td>No explicit rights / employment at will</td>
</tr>
<tr>
<td><strong>Degree of formal political discretion</strong></td>
<td>Lowest</td>
<td>Low to medium</td>
<td>Medium to high</td>
<td>Highest</td>
</tr>
</tbody>
</table>
6. Civil Service Reform in Hungary: Still a Case for Hidden Politicisation

Since the early 1980s, the Hungarian civil service has undergone five reform waves. Before the first democratic elections in 1990, two attempts were made to professionalise the personnel system of the administration and to reduce political interference into personnel management. Although the reform proposals reached the government agenda, neither of them succeeded in gaining enough support. After 1990, two Acts refered to the third reform wave. In May 1990 the Hungarian Parliament adopted the Act on State Secretaries that specifies the governance of the top two positions of the ministerial hierarchy, the Administrative and Deputy State Secretaries except their remuneration. In spring 1992, Parliament adopted a civil service Act including the ministerial civil service and generally referring to state secretaries, too.\(^7\) The fourth reform wave in 1997 introduced the Act on the Legal Status of Members of the Government and State Secretaries that has substituted but virtually not changed the 1990 Act on State Secretaries. Moreover, the 1992 civil service Act was marginally amended. Finally, the most recent reform led to the adoption of a quite substantial amendment of the civil service Act by Parliament in June 2001.

In brief, the basic building blocks of the currently existing civil service system have been established in 1992. The 1992 Act established four categories of civil servants distinguished on the basis of their educational qualification and their functional responsibilities. For sake of simplicity, we can define them as non-managing civil servants. The 2001 amendment of the civil service Act has excluded the two lower categories of civil servants and has therefore narrowed the scope of the civil service. Secondly, the 1992 Act created a category of senior civil servants essentially comprising of Heads of Departments, their Deputies and Heads of Divisions. Senior civil servants make up the level three, four and five in the ministerial hierarchy. Together with Administrative and Deputy State Secretaries, we can consider this group of civil servants as managing civil servants.

At first glance, the 1992 established a civil service system that shares many features of a decentralised seniority-based career system known from Western Europe. Admission of new civil servants in non-managing positions has been under the formal responsibility of the Administrative State Secretary as administrative head of the ministry. At the same time, the Administrative State Secretary's authority to admit non-managing civil servants was rather

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\(^7\) The civil service Act also covers de-concentrated agencies with nation-wide authority and regional and local agencies of the central state administration. In addition, the Act applies to administrative agencies belonging to the sphere of local government, some non-governmental agencies, public corporations and a few other agencies.
unrestricted, as candidates had to meet only general entry criteria while a general recruitment procedure was neither properly formalised nor compulsory. Promotions have primarily been seniority-based with a very limited possibility to accelerate promotions by means of a (then rather embryonic) performance appraisal system, and lateral transfer has required the consent of civil servants to be transferred.

Civil servants’ remuneration has mainly been linked to the classification system with clearly defined rights for supplementary pay. The (involuntary) dismissal of individual civil servants has been restricted, as it can only occur as a result of a disciplinary procedure or when a civil servant has been judged incapable of performing his or her work responsibilities, but in both cases the Administrative State Secretary has to prove the case by means of confining procedures. Civil servants’ professional and political activities have both been restricted. They may become member of a political party but may not hold any official post in the party nor may they appear in public on their behalf. They may also run as candidates for elections at the central government level but must resign from the civil service in case they are elected to office. Finally, non-managing civil servants may enter other professional activities, but require the consent of the Administrative State Secretary.

By contrast, the two Acts passed in 1990 and 1992 granted decision-making authority for the admission and appointment of managing civil servants to the Government and its Ministers. Formally, Administrative and Deputy State Secretaries are selected by the Prime Minister and the Minister respectively. They are appointed for an indefinite period but their appointment may be withdrawn at any time without giving reasons. Similarly, the civil service Act defines senior civil servants as higher civil servants who are assigned to their managing position by the minister for an indefinite period but there assignment may be withdrawn at any time without giving reasons. Hence, both the appointment/assignment and the dismissal/withdrawal of assignment of managing civil servants that together make up 15-20% of the ministerial staff or the top five positions of the ministerial hierarchy have been under the decision-making authority of either the Minister or the Prime Minister. Moreover, the exercise of this authority has been subject to few procedural constraints.

Secondly, the 1992 Act has created options for Ministers to unilaterally dismiss groups of civil servants of all categories by means of different kinds of ministerial re-organisation and restructuring, for instance, if an administrative agency or unit is dissolved without legal successor, if the activities of an administrative agency is terminated, and in case of reorganising a
ministry. It is primarily the latter option of re-organisation that provides Ministers with nearly complete discretion to dismiss civil servants because the Ministers’ right to reorganise the internal structure of their ministry is explicitly included in the constitution.

Thirdly, the incompatibility rules for other professional activities of both senior and non-managing civil servants can easily be circumvent. For instance, senior civil servants may be appointed member to supervisory boards of private and state owned companies, although they are otherwise not allowed to pursue other business activities. Moreover, the civil service Act granted Ministers the right to define a ‘personal remuneration' for civil servants displaying outstanding performance' different from the rules governing the general remuneration system set forth in the Act. In this case, the evaluation of 'outstanding performance' was subject to the subjective judgement of the Minister so that there was no procedural constraints to apply this provision apart form the indirect constraint of limited ministerial budgets.

The 1997 reform only marginally amended the civil service Act. The most recent reform in 2001, by contrast, has introduced major changes. Firstly, it has formalised a compulsory recruitment procedure for non-managing civil servants and has stipulated further entry criteria such as foreign language skills. Hence, the Administrative State Secretary's authority to admit non-managing civil servants has been restricted. Secondly, requirements to pass basic and special examinations for non-managing civil servants have been tightened. Thirdly, one of the main objectives of the 2001 reform was the restructuring of the civil service grading system and the raising of civil servants’ wages, as their wage levels had seriously fallen behind private sector developments. In this context, the amendment considerably strengthened a regular and formalised performance appraisal system and eliminated the possibility for ministers to grant a 'personal remuneration' to civil servants. Moreover, the Act introduced a system for the declaration of property of civil servants in order to prevent the occurrence of conflict of interests and corruption. Hence, in the personnel policy domain of determining non-managing civil servants' levels of remuneration opportunities for political interference have been minimised.

As regards managing civil servants, the 2001 reform introduced open competition and a formalised recruitment procedures for Heads of Departments, although ministers retained decision-making authority in admitting and appointing new Heads of Department. Moreover, the reform created a Senior Executive Service that consists of 300 senior executive staff eligible primarily from the pool of managing civil servants. The standards and procedures for the admission of senior executive staff are stricter than in case of all other civil servants. At the same
time, decision-making authority has entirely remained in the hands of ministers who have a right to propose and the prime minister who admits new members to the senior corps. Finally, the Senior Executive Service will be managed by a unit in the Prime Minister's Office headed by a Deputy State Secretary.

In sum, from the point of view of degrees of formal political discretion and types of personnel policy regimes, we must conclude that in 1992 Hungary moved from a personnel policy regime allowing over-politicisation to a personnel policy regime allowing hidden politicisation. On the one hand, the minimal criteria of the existence of special civil service legislation defined in public law was met. On the other, civil service legislation granted high levels of formal political discretion to the Government of the day and its Ministers in the personnel policy domain of allocating civil servants to the administrative organisation. Formal political discretion has been considerably high with respect to managing civil servants and of an indirect nature for non-managing civil servants, as Administrative State Secretaries faced few procedural constraints upon the exercise of their personnel authority. In principle, formal political discretion was lower in the domain of determining civil servants' levels of remuneration. However, the 1992 Act established several exceptions to the standard procedure providing ministers with the opportunity to exercise political discretion in this personnel policy domain.

Secondly, although the 1997 has not been discussed further here, it is safe to argue that it had virtually no impact on reducing the degree of formal political discretion. Hence, the Hungarian personnel policy regime continued to allow hidden politicisation. By contrast, the 2001 amendment substantially reformed the civil service management system, and selectively reduced the degree of formal political discretion. In the domain of determining civil servants' levels of remuneration possibilities for political interference have been minimised by formalising related procedures and establishing a system to monitor civil servants' alternative sources of income and wealth.

Moreover, possibilities to exercise indirect political discretion have been reduced by tightening standards and procedures for the admission of candidates to the civil service. On the other hand, formal political discretion has remained rather high in the entire domain of allocating managing civil servants to the administrative organisation because the Government or its Ministers have retained decision-making authority over both the admission and appointment of managing civil servants. Therefore, we can conclude that the outcomes of the civil service reform in 2001 do not justify the allocation of the Hungarian civil service system in the category of personnel policy
regimes allowing structured politicisation. At the same time, we have to acknowledge that the
derge of formal political discretion has continuously been reduced since 1990. Moreover, we
have to acknowledge that, in particular, the establishment of a department to manage the Senior
Executive Service in the Prime Minister's Office bears the potential to further reduce levels of
formal political discretion in the medium term future, if possibilities for political interference can
be minimised. In sum, the Hungarian personnel policy regime is still a case allowing hidden
politicisation. However, whether or not the degree of formal political discretion will stabilise at
present level or whether a reduction will occur in the (near) future remains open.

7. Discussion and Conclusion
This paper has sought to develop the concept of personnel policy regimes in order to grasp
differing dynamics of civil service reform in Central and Eastern Europe and to account for
reform outcomes that allow the emergence of civil service systems different from Western
European experience. The differentiation of four types of personnel policy regimes ranging from
lowest to highest levels of formal political discretion has several implications. Firstly, in their
study on delegating policy-making authority in the US separation of powers system,
Epstein/O'Halloran (1999) show that the more authority is delegated to the executive, the tighter
are the procedural constraints upon the exercise of authority. The distinction between four types
of personnel policy regimes follows the same pattern because overall procedural constraints are
decreasing as political institutions gain decision-making authority. At the same time, the
relationship between both dimensions is more complex when distinguishing different types of
personnel policy regimes. As becomes particularly clear with respect to the personnel policy
regime allowing structured politicisation, this relationship is not uniform. Rather, the decision-
making authority of political institutions in a certain domain or sub-domain of personnel policy is
complemented by decreasing specific obligations and rights of civil servants. In particular, the
aspect of appointment authority on the one hand forms a group with the level of positional
security of civil servants and the level of obligations regarding their political activities. Similarly,
authority over admission is complemented with procedural constraints upon its exercise and
membership security of civil servants. Finally, authority over remuneration levels of civil
servants relates to procedural constraints upon their determination and civil servants' obligations
regarding their professional activities. Hence, by grouping different institutional aspects of
personnel policy regimes together we might be reminded to Hood's (1999) concept of 'public-
service bargains', i.e. we can observe some kind of exchange between civil servants and
politicians over their respective rights and duties.
Moreover, we can conclude that the four types of personnel policy regimes cover the process of civil service reform as the key component of administrative transformation in Central and Eastern Europe. The typology serves to evaluate the outcomes of civil service reforms as well as it can be read as a developmental model that takes into account that the process of civil service reform goes through different stages of development. Firstly, the personnel policy regime allowing over-politicisation catches the main features of the personnel system in a real-existing socialist administration and, as argued above, it applies to the post-socialist personnel administration at the outset of the process of administrative transformation.

Secondly, both the de-politicised personnel policy regime and the one allowing for structured politicisation represent two possible end points of the process of civil service reform. They share the institutional features of a professional and neutral civil service as outlined above. At the same time, it is important to emphasise that the identification of either of the two personnel policy regimes is not equivalent to the existence of a professional and neutral civil service. Rather, we can argue that the establishment of either personnel policy regime is a necessary institutional condition for its emergence and maintenance. These institutional conditions have to be complemented by training activities, an appropriate supply of qualified personnel, appropriate levels of pay, and of course the wider institutional infrastructure of public administration (e.g. Cardona 2000). Moreover, the two types of personnel policy regimes that are in accordance with a professional and neutral civil service permit different strategies of institutionalising a civil service management system as briefly mentioned in the Introduction. Finally, the development of a fourth type of personnel policy regime that allows hidden politicisation takes into account that the outcomes of civil service reform in Central and Eastern Europe can differ from common Western European experience as well as it provides an intermediate category to distinguish different stages of civil service development.

However, in addition to providing a framework for the analysis of civil service reform, the typology of personnel policy regimes poses several puzzles. Firstly, with reference to section 4., depending on the degree of formal political discretion, each personnel policy regime provides ministers with varying levels of personnel policy instruments to control civil servants in the policy process. In other words, the lower the degree of formal political discretion, the less ministers can rely on personnel policy in order to induce civil servants’ compliance with their policy objectives. As a result, it seems rather puzzling that de-politicised personnel policy regimes have historically emerged at all, given the correspondence of the classic Whitehall model with this type of personnel policy regime. If we assume for a moment that ministers or politicians
more generally are aware of their constitutional responsibility to establish a professional and neutral civil service formalised in public law, then we must wonder why they are willing to restrict their possibilities to exercise political discretion beyond the point necessary to establish a professional and neutral civil service, since a personnel policy regime allowing structured politicisation is clearly sufficient to meet these requirements. Conversely, this point clearly hints the need to search for explanatory variables beyond the constraints emanating from an 'administration through law' context, as emphasised by the reform proposals of international organisations (e.g. SIGMA 1999).

Furthermore, we must be clear that the qualitative difference between a personnel policy regime that embodies the principles of professionalism and neutrality and one that does not meet these standards occurs between a personnel policy regime that allows hidden politicisation and one that allows structured politicisation. Hence, from this dichotomous perspective the qualitative difference is not particularly big between a personnel policy regime allowing hidden politicisation and one that allows over-politicisation. In both types, formal political discretion may be quite or very high with the minimal difference that in the personnel policy regime allowing hidden politicisation, its exercise is formalised in special civil service legislation. Therefore, we might wonder what motivates ministers and their political colleagues to move towards a formalised type of personnel policy regime without effectively tying their hands.

Finally, the brief illustration of the developments in Hungary has indicated that, even in a country with a strong civil service reform record, the step from a personnel policy regime allowing hidden politicisation to one allowing structured politicisation seems to be far from natural. As I have tried to show elsewhere (2001), the objective to establish a civil service system independent from political interference had already been discussed in Hungary in the 1980s and gained particular momentum after 1990. However, throughout the 1990s, members of Government and (certain groups of) MPs have consistently been reluctant to forego political discretion to determine personnel policy outcomes. Hence, the case of Hungary suggests that the context of post-socialist transformation may not be particularly conducive to the emergence of personnel policy regimes that are directly compatible with a professional and neutral civil service. Instead, there is good reason to believe that there are systematic forces at work that prevent the emergence of such type of personnel policy regime in post-socialist Europe; if not in the long run, then at least in the short and medium term after the change of regime.
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