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**CIVIL SOCIETY BUILDING, CIVIL SOCIETY  
ORGANISATIONS AND SERVICE PROVISION IN  
HUNGARIAN**

**EGPA Conference**

**Milan, 2006**

## Historical context

After 1945, more than fifty years ago Europe split along the Elbe-Saale and Leitha rivers, coincidentally following the borders of the Carolingian Empire which existed more than a thousand years ago.

It was a fragmentation with several consequences. Central Europe disappeared and a totalitarian system was established in the Central and Eastern parts of Europe, dominated by the Soviet Union. The regular attempts to homogenise the Soviet Russian empire were inseparable from "real-existing socialism", as it was called.

The extent to which this Russian Socialist Union was artificial, lacked organic roots, and was an external carapace or a constricting bond gripping the body of society is best shown by the rapidity with which the countries of the region in their drive for independence put an end to this political system. They did so in a matter of seconds, like a snake shedding its skin.

The "real existing socialism" proved to be a dead end for the economic and social modernisation. The political system was oppressive, could not improve the economic competitiveness. From one respect it was very effective: the totalitarian or authoritarian systems of the region could ruin the civil society almost completely.

Civil society did not exist anymore. It was basically disappeared from the CEE region.

/Additional to that it has to be mentioned that civil society - with the exception of a few Central European countries like Czechoslovakia, Hungary, Poland - had been quite weak before World War II in the region/.

In the 1990's, Central and Eastern Europe took leave of the old order. Long existing structures and mechanisms collapsed. Totally new forms of public policy institutions have already been created to replace them. The new

democratic political systems are faced with the task of organising changes in three dimensions:

- from totalitarianism to democracy
- from command economies to market economies
- from a bloc structure to national independence

Historically, there are two types of systematic transition to the market economy. (Feinstein et al. 1990) The first is the market-led, evolutionary type – we can call it the “organic” type.

This was the road followed by Great Britain, the first industrial nation, and later by the United States, France, the Netherlands, Belgium, and the Scandinavian countries. In this type of transition, the state did not have a dominant role, rather it merely facilitated the development.

The second type is a functional one, a state-led transition, in which the role of the state was decisive, especially in the beginning.

In this type of transition, the state assisted the private sector in many ways.

It created the overall legal and economic framework for the transition and also served as a major economic agent. However, even though the role of the state in functional transitions is critical, the state does not usurp the place of the private economy. The performance and the commitment of the society to the transition were decisive in the long run. ( Buitter et al. 1997 )

The current period of transition in Central and Eastern Europe is clearly not of the organic type. Although this type of transition is attractive, the conditions necessary for it do not exist in Central and Eastern Europe. Countries in Central and Eastern Europe started from a more unfavourable base. Moreover, there are serious political pressures because of the demonstrative impact of living standards in the Western world from outside and the illusions and expectations of the population inside. Thus, the people of Central and Eastern Europe are not willing to wait for the lengthy period of time required by an organic transition.

That is why these countries are forced to follow the functional pattern of transition. ( Wiedefeld, 1992 )

Therefore, there are a great variety of tasks that have to be undertaken by the state in Central and Eastern Europe:

- In fiscal and monetary policy, the state must control the money supply and
- assume responsibility for the government's budget.
- The state must develop the necessary infrastructure (railways, telegraphs, steel, electricity etc.) and establish housing programs and model factories.
- The state must provide extensive aid and encouragement to the private sector through tax concessions and allowances; low interest loans, grants, and subsidies; and by promoting competition and eliminating restrictive practices, developing strategies for industrial development, stimulating the import of foreign technology, and helping to restructure declining industries.
- The state must develop policies for immigration, policies for labour supply, policies for worker participation, legislation for determining the rights of trade unions, welfare policies, education and training policies, policies for promoting research and development, and policies for improving standards in sciences and technology.

Given these responsibilities, it is evident that the transition from command economy to market economy and from totalitarian state to pluralist, multiparty democracy requires essential reforms in the basic functions and institutions of the state. ( König, 1992 )

The new state must provide the legal framework for the economic development instead of directly organising the economy, as was the case prior to the transition.

Instead of the cultural-educative function, the state has to function in cultural life and in education without ideological priorities. Instead of being an integrative factor, the state must promote restoration of civil society.

A functional type of transition meant that state in the middle, it had dominant role compared to the two other main actors on the political stage: the market and the civil society.

Generally speaking civil society was the weakest actor in the public policy making in all CEE countries.

Civil society building was an obvious task because of two reasons:

- it was an organic requirement of the civil society establishing their organisations with different functions such as interest articulation, service provision etc.
- it has become quite evident that an essential precondition for the completion of the transition process a shift in the role of the civil society from the periphery to a dominant position.

It means that this process should not only be a transition but also a transformation.

But there are significant differences in the current position of the civil society in the CEE countries (Zimmer and Priller, 2004).

Those "for whom the scenery is not a map", those who do not take a bird's-eye view of Central and Eastern Europe can already detect the new fault lines forming along the old historical trace lines in the regions east of the former Carolingian Empire. Proceeding from west to east, the first fault line is the eastern border of unified Germany. There was a time when East Germany was among the most highly developed regions of the world, and now it is again setting off at breathtaking speed – burdened by new political and social conflicts – to scale the heights. The second dividing-line may be the eastern border of the Baltic States, Poland, Slovakia, Hungary and Slovenia. It is the eastern borderline of the new EU member countries of Central Europe. But

hopefully this borderline will move toward East in the foreseeable future when the current accession countries (Croatia, Bulgaria, Romania) will have been finding their ways to the position being new members of the EU. The third dividing-line in Central and Eastern Europe is the border of the Belarus, Russia and Ukraine. This border is secure on the east, but at western edge of Belarus and Ukraine the population is orienting itself towards new centers of gravity in the Western direction and it results in internal tensions, and threatening of a civil war. The fourth dividing-line traverses south-eastern Europe and here, too, ancient historical traditions are coming to the surface. Yugoslavia severed by the dividing-line between western Christianity and Byzantine Christianity, where Moslem forces were awakening and gaining self-awareness was not able to withstand the pressure of centrifugal forces.

What are the main conclusions of this new pattern of division?

First: different levels of legal-institutional certainties have been emerging during the last decade. The new EU members can be found on one edge of the continuum with consolidated, relatively stable democratic systems. On the other edge the East-European and the Balkan group of countries can be found with weaker or stronger efforts toward democracy. And – according to the lessons drawing from the European history in the twentieth century – any external enforcement of democracy can result serious consequences. The external enforcement can create a power vacuum between the expectation of the population and the requirements of a liberal democracy. Such form of a power vacuum always results the emergence of an authoritarian or even a totalitarian system.

Secondly certain steps of the public management reforms can get totally different meanings and interpretations. Service provision means customer orientation and citizens' involvement in the democratic context while on the contrary in an enlightened absolutism the population is privileged with service provision.

The same differences are relevant to the interpretation of the protection of human rights.

In the new democracies of Central Europe protection of human rights is the requirement and the expectation of civil societies. From that respect governments are under continuous pressures of different social groups. On the contrary protection of human rights in a democratic political system with instabilities based on the decision of a paternalistic state and it is not a result of the requirement of a civil society.

Civil society building is a necessity all over the region. But the real question is to what extent is this process based on the strategy and actions of the civil society and to what extent is only a requirement of the civil society toward the state. In other words: Has civil society building an organic or a functional nature? Even it has a combined nature consisting of organic and functional elements? And when it is a combination then the functional part is stronger or not?

These questions are not so easy to answer. An overview on the current situation in the region would require a monograph consisting of a series of country reports. In this paper we are dealing with the Hungarian context.

The Hungarian transition is basically a functional one with some special features resulting the peripheral role of the organic elements as well.

In the beginning of the transition for instance Hungary had definite advantages compared to other countries in the region in economic terms. In 1968 an economic reform was launched in Hungary. This reform gave more emphasis to market incentives and mechanisms in the framework of a centrally planned economy. Due to this reform – first in agriculture, and later in commerce and industrial firms at the end – enterprises had limited autonomy in decision-making. The extension of the economic reform was not continuous and there were controversial elements and intentions in the economic system. But it had a

great importance and by the end of the 1980s market incentives had a significant influence in Hungary.

Therefore the basic task was somewhat different from that of other former socialist states. A transition from a planned economy interspersed with some market type elements to a basically market-oriented economy, took place. Due to these circumstances, some of the legal institutions of a market type economy were already established before the political changes of the transition. There were laws regulating enterprises and limited companies. Modern income tax and value added tax systems were introduced just before 1989. A legal basis was created for the foreign investments and a 1988 act modernised company codes.

In the Hungarian political system there was also limited cultural autonomy. Based on this autonomy the Hungarian Socialist Workers' Party was not as homogenous as other ruling parties in the region. In the political system the articulation of the interests of different groups was also possible in a limited way. There were ideological taboos of course, which could not be touched. This autonomy created a genuine demand for a real transition in Hungary. And the majority of the population had experienced how to express their interests using institutionalised and legal forms and opportunities, but Hungary was far from a political pluralism which had been emerging in Poland in the 1970's and 1980's. That is the reason why the Hungarian and the Polish transition were evolutionary, which contrasted sharply with the experience of other countries in the region. Hungary and Poland had a "quiet revolution" – a so called "constitutional revolution" in contrast with the "velvet revolution" of Czechoslovakia or even more evidently, the "bloody revolution" in Romania. Because of the existence of a degree of political tolerance, a single nationwide election in 1990 established a market economy and a pluralistic democracy in Hungary.

These economic and political circumstances created favourable conditions for the development of the civil society. And we can speak a re-emergence of the Hungarian civil society in the last 15 years.

In spite of this dynamic development nowadays we must still speak about a duality of the Hungarian civil society organisations. Partly they are the expression of the efforts of the civil society but partly they are dependent from the state. Public agencies and local governments involve civil society organisations in the service provision based on their short term interests. Therefore the increasing role of the civil society organisations in service provision does not necessarily result in the strengthening of civil society.

### **Problems of contracting out public services**

Post-communist Hungary had an economic crisis in the early 1990s. This crisis and the obvious need for structural adjustment and modernisation made strikingly evident that nonprofit organisations must be encouraged and helped to deliver a range of welfare services, especially at a local level. Later on, the gradually growing knowledge on the wave of New Public Management reform (Jenei, 2005) and the example of ‘Third Way modernisation of public services’ (Clark, 2004) together with the emotional factors of the fall of state socialism made this evidence unquestionable.

However, the general conditions for contracting out services to voluntary organisations were anything but favourable because of the lack of contract culture. Under state socialism, one of the main characteristics of the Hungarian economy and society was the hegemony of the vertical, hierarchical and the lack of the horizontal relationships. The interest links were vertical, the power system was built in a strictly hierarchical way, goods and information flowed along the vertical dimension (Hankiss, 1986). There was not much room for horizontal relationships and contracts in this system. Very few of the existing contracts were

really enforceable. Breaking the contracts was an ordinary phenomenon in the relationships of the state run enterprises; an abundance of excuses was offered by the shortage economy (Kornai, 1980), and these excuses were generally accepted by both partners and central authorities. It happened very rarely that a firm was sued for breach of contract. Only the basic economic changes of the most recent years have forced us to understand the importance of the contract culture as a fundamental institution of the market economy, and therefore a necessary condition of its development.

This relatively late conceptualisation of the contract culture problem had its consequences for the nonprofit sector, too. The general weakness of the principles and behavioral patterns which would be necessary for a healthy development of contract relationships was a major impediment to contracting out services to nonprofit organisations.

Against this background, designing a new division of labor between the public and private service providers, and developing a fully operative system of contracting out services represented a great challenge, all the more because purchasing and contracting out services had been almost unknown methods under state socialism. Public institutions had literally monopolised the provision of government financed welfare services. This monopoly was broken in December 1990 by a Parliament decision which gave nonprofit organisations providing basic social, education and cultural services the right to get exactly the same per capita subsidies from the state budget that are given to the state-owned institutions. The condition of getting this per capita support was to meet some quality criteria and to sign a contract with relevant government authorities.

This initial step has been followed by a series of regulatory efforts aiming at the creation of a consistent set of rules since then. This process is still not finished. Though the annual laws on state budget have defined (and several times redefined) the list of services which can be provided by nonprofit organisations with guaranteed per capita government support since the early 1990s, the actual

eligibility for this support has remained mainly dependent on the municipalities' decisions because they are the major actors in contracting out services.

Unfortunately, the amount of the guaranteed state support rarely covers all costs of the service provision and municipalities do not have always enough additional funds to equally support the public service providers and the private nonprofit institutions. Since they are directly responsible for the public service provision, covering its costs has priority over financing the nonprofit service providers. As a consequence, nonprofit entrepreneurs' initiatives to offer new, additional or innovative services are frequently rejected (Kinyik and Vitál, 2005).

The local governments' considerations are varied. Municipalities would like to improve efficiency, decrease costs and raise more funds through the involvement of nonprofit service providers. This involvement can occur in two different ways. One is the transformation of public institutions into non-governmental organisations (mainly public benefit companies or public law foundations), the other is to develop contracts with already existing voluntary organisations (Sebestény, 2002). In principle, this transformation or contracting out can only happen if it is guaranteed that neither the quality and stability, reliability, nor the availability of public services decrease. Another important point is that the nonprofit service providers must be held accountable for how they spend public money and whether they fulfil all their contractual obligations.

These expectations obviously represent a series of challenges for the governance arrangements and performance management regimes of nonprofit service providers and tend to decrease their ability to exert pressure for change over central and local government institutions. (McLaughlin, 2004).

Most government officials and many NPO representatives think that the development of professional standards and stricter accountability rules is legitimate and timely. Their strongest argument is that taxpayers' money should be spent in an efficient way. In order to ensure this efficiency, the eligibility for

government support must depend on the recipients professional qualities (Hegyesi and Fekete, 2006) and a sophisticated, consistent and transparent system of public scrutiny must be built (Bíró, 2005). Another important point is that the influence of voluntary organisations on policy, their active role in shared governance should not be undermined by poor performance and deficiencies in their accountability and credibility.

On the other hand, there is also a growing worry about the professionalisation's impact on the nonprofit service providers, on their independence and advocacy potential. As it was stated by a foreign observer (Jenkins, 1995, p. 198) of the Hungarian transition process, "the beginnings of a contracting regime with the state raise questions about the future independence of nonprofit organisations and raise danger signals about a new possibility of nonprofit organisations being an extension of state power".

This worry is even stronger among those kinds of voluntary organisations which do not belong to the group of large service providers and still have to meet similar official requirements.

For the last fifteen years, subsequent regulatory changes have resulted in a distinction of all voluntary organisations by their 'public benefit' character. By the end of the 1990s the government managed to develop a legal framework that allows it to differentiate between nonprofit organisations directly serving public benefit (thus eligible for public support) and all other NPOs. The public benefit status is a necessary condition for tax advantages and most kinds of government support. Close government control of the public law foundations and associations has also become a part of the system. Any privileges encouraging voluntary work are only available if NPOs develop a fully transparent registration of their volunteers, and make it available for relevant authorities.

On the other hand, it is also true that, in practice, the history of the nonprofit regulation is a series of attempts and failures in this respect. The problems of accountability and public scrutiny repeatedly appeared already in the early expert

reports and received more and more attention in the debates on the Nonprofit Law. However, the efforts have finally failed, the problem of public scrutiny has remained unsolved. Though accountability and transparency rules are included in the written text of the Nonprofit Law, there are no established mechanisms of controlling whether these rules are kept or broken. Activity and financial reports are supposed to be prepared but their existence (not to mention their content) is not checked by any institution.

Under these conditions, government authorities tend to solve the accountability problem 'case by case' when they get in touch with nonprofit organisations. This results in extremely complicated support and service contracts (including ever changing, individually defined standards, accounting rules, and measures of performance and success), long and bureaucratic procedures, and a general climate of distrust, which is equally harmful for all actors. Another outcome is a cut of indirect state support (tax privileges) where the 'case by case' method is not possible.

This is all the more problematic because the overbureaucratisation of the supporting and contract relations counteract the influence of democratisation efforts, thus creates an impediment to the development of civil society, as well.

### **Problems of Civil Society Building**

Voluntary organisations are clients of the state and even sometimes they serve party interests instead of civil society interests. Civil society organisations sometimes are floating between Sky and Earth like the sarg of Muhammad. The Earth would be the civil society but when CSOs would strengthen their influence in the public policy making then they have to participate in the party fights even when it is not transparent for an average Hungarian citizen. The other option is to express the interest of the civil society but this position can decrease the impact of the CSOs on the political decisions.

Is it possible to build civil society from outside? Our answer is: definitely not. When the state is the external architect of civil society building then the failure is guaranteed. The result is not a civil society but a clientele which is a “disciplined toolkit” or an “extended arm” of the state. The result of this version can be even worse. State and market forces can be allied and they can oppress the social groups and can endanger the development of the social groups into a civil society. They can establish civil society organisations especially for providing social services but these CSO’s serve the aim of a paternalistic state. In an extreme version organisations can exit with the name “CSO”, without a functioning civil society. In that case CSO’s are Potemkin villages and they are established in order to attract or mislead the observers, researchers coming from a modern state and society.

Civil society building can only be successful when a combination is evolved from functional and organic elements. An external architect must not exist. Civil society building must be based on internal drive. On this basis two “basic types” of CSO’s can develop:

- CSO’s with positive function aiming to prove and measure the ability of the social groups for associational life based on the value orientation of solidarity and subsidiarity. It has a positive impact to the consolidation of democracy.
- CSO’s with negative function aiming to counterbalance the democratic state when the state commits mistakes, shows weaknesses in the public policy making both in the decision making and at the operational level.

The role of the state in civil society building is to create appropriate legal and institutional framework in order to support the initiatives of the civil society for articulation, manifestation, aggregation and representation of its interests. In addition, the development of civil society can also be facilitated by the creation of neutral funding schemes and institutions promoting the dialogue between government agencies and voluntary organisations. Citizens and their organisations

need some assistance in the process of becoming equal partners of the government in developing and implementing public policy.

The institutional infrastructure of the policy dialogue between the government and civil society actors has developed relatively quickly in Hungary. The legal guarantees for the access to information and to the policy process, the open legislation, the growing number of government units specialised in civil relations, and the numerous forums of policy dialogue indicate the state actors' willingness to build the institutions of shared governance (Bódi, Jung, and Lakrovits, 2003, Nemoda, 2005). Unfortunately, these efforts have not resulted in similarly rapid changes of civil society's impact on the policy process.

The task of shaping government policy is very demanding, time- and money-consuming. If private citizens and their organisations want to influence government policy, they must follow the political debates, evaluate the different proposals, be knowledgeable about the relationships, keep contacts with politicians, government officials and other nonprofit organisations, be prepared to analyse the newly emerging issues and to start action at any moment when it is necessary. This advocacy potential cannot be accumulated by all citizens and all individual organisations, thus co-operation is an incontestable necessity.

Unfortunately, the general agreement about this necessity of cooperative behavior has been rarely translated into concerted actions in Hungary for the last 15 years, though some temporary coalitions of NPOs and some more or less 'improvised' citizens' movements could report on a series of successful concrete actions.

The lack of cooperation skills and related attitude problems were already recognised in the early 1990s. It took some more time to understand that even carefully designed institutions of shared governance would remain 'empty' without an active participation of civil society actors and to find some methods of accelerating the democratisation process. These new methods (the decentralisation of redistributive decisions through the 1% system and the National Civil Fund) are rooted in the belief that, as far as citizens' involvement and democracy-building

are concerned, the supporting technique can be as important as the actual amount of the state support is (Kuti, 2006). While the 1% scheme has delegated decision-making rights to the citizens themselves, their elected representatives have become the key actors of the redistribution through the National Civil Fund. In some sense, this is a 'school of democracy'. Besides intensifying citizens' involvement, this method also alleviates the independence/public support problem. Since the government has no voice in the distribution of this special support targeted to CSOs, these latter can get some support from the state budget without becoming dependent on government authorities.

To be sure, none of these government measures can perform a miracle. The first experiences have been rather mixed. A large part of the taxpayers are still not ready to make their 1% designation. Some of the CSO representatives cannot live up to their new responsibility, yet; the arguments and debates in the National Civil Fund's Council and Boards are not always as sophisticated and fruitful as it would be ideal. However, the introduction of these new schemes of sharing redistribution power with citizens and CSO leaders can somewhat improve the conditions for strengthening civil society.

Public support without state dominance and dialogue between equal partners represent an idealtype version of the cooperation between the state and the civil society. The cooperation can be threatened from both sides:

- Democracy can be weak and dysfunctional. The consequence is a fault line in the development of the civil society or a constraint for the civil society to create parallel structures of education of culture and even parallel forms of trade unions or information networks. It means that the actors are moving away from the model of democratic governance and the consequence is a deficit in the efficiency and effectiveness of the public service systems.
- In the case of a lack of initiatives of different social groups, when these groups are passive it means they can not cooperate. They simply react

to the requirement of the state. And when civil society is only reactive then can not contribute to the strengthening of democracy, in order to make shift from government to governance, to increase effectiveness of public services.

In both cases the real threatening is that dysfunctions of democracy can lead to a model of “democratura”, when a multi-party political system operates similar to the previous party-state, state-party system.

### **Tensions in the relationship between civil society and public administration**

1. The experiences of the modernisation and reform efforts in the EU member and the EU accession countries confirmed that governance and political democracy have become key issues in the process of transition. Since the early 1990s more fundamental changes were introduced in public administration in terms of private management methods and the commencement of an overall effort to reduce the scope of the state. This has resulted in a completely new situation. The increasing economic, political and social pressure on public administration has forced bureaucrats to implement the requirements of legalism and managerialism at the same time. This has resulted in tensions and uncertainties in the CEE countries.

The legitimacy of modern democratic states comes from the commonly accepted and institutionalised rules of democratic processes. On the other hand, the most visible and important trend in modern public administration is its pursuit to improve the efficiency and effectiveness of its operations. In many cases this desire to achieve better quality outcomes tempts public administrators to depart from existing legitimate processes and institutions in such a fashion that would weaken, perhaps sometimes even endanger democratic processes.

Public administrations in the region face new challenges which require new approaches in the day-to-day implementation of political democracy. The

economic, political and social environment has become increasingly complex, and the economic and political interests and institutions have become increasingly fragmented. The modernisation process caused dramatic changes in the social character of the countries with greater diversity in the population, increasing income disparity, changes in family structure and lifestyles, and growing safety concerns. The transition has brought many economic, political, and social difficulties, which have placed a special burden on public administration.

These problems are expressed, by a lot of CSOs, but the public administration does not respond because it is strongly influenced by the short term interests of the politicians. Because of this dependent position public administration does not committed to the long-term interests of the society. Instead of that they follows those who exert the strongest pressure on them. And the capacities of different social groups differ greatly in articulating and expressing their interest.

2. In the decade of transition it turned out that it is not easy to harmonise the requirements of political democracy and market economy. The traditional civil service was established to run in a stable and predictable way in a relatively static environment. Thus it was resistant to change. In the modern world, the civil service has to adjust and accommodate to a rapidly and sometimes unpredictably changing environment. Civil service needs managerial skills; it must not be introverted or risk averse. At the same time a civil service needs to recognise political realities and has to be able to be involved not only in the implementation of decisions but in the policy making process as well.

The current situation is complicated. In this region the crucial issue is not the reinterpretation, but the establishment of an independent and neutral civil service. This service - based on professional expertise - must be democratically responsible. Otherwise, the civil service becomes a tool of certain social groups and becomes a part of an oppressive political system.

3. Public management reforms are usually the initial steps and driving forces worldwide of the involvement and empowerment of the civil society. Public management reforms were initiated on different ways. Politicians were the initiators in Great Britain but in Germany top civil servants on the local level initiated the first steps of the reform. In both cases the cooperation between politicians and civil servants and the legitimisation of the reform steps by the civil society was decisive in the implementation of the management reform process.

The main requirements of public management reforms are as follows:

- “separate departments' service-delivery and compliance functions into discrete chunks, each one called an "executive agency";
- give those agencies much more control over their budgets, personnel systems, and other management practices;
- use a competitive public-private sector search-a radical break with civil service practice-to find chief executives for executive agencies;
- require chief executives to develop three-to-five-year corporate plans and one-year business plans;
- negotiate a three-year "framework document" between each agency and its departmental minister, specifying the results it would achieve and the flexibilities with which it would operate;
- pay chief executives whatever it took to get the talent needed, including performance bonuses of up to 20 percent of their salaries;
- deny chief executives the civil service's normal lifetime tenure; and
- require them to reapply for their jobs every three years.” (Osborne-Plastrik, 1998)

In the CEE countries after the creation of the legal and institutional framework in the second phase of the modernisation of the public administration managerial reforms have also begun with some special difficulties. The average, scheduled time for the completion of public management reforms was around 15 years in

the modern, Western democracies and it needed a systemic approach to the reforms.

But in the CEE countries civil service is not independent and neutral and the consequence is the dominant role of the elected politicians in the initiation and the implementation of the reforms. And the 4 year “business cycle” of the regular, national elections puts a constraint on the way how politicians handle the managerial reforms. Politicians need convincing results, success stories every 4 year and that is the reason why they deal with the reforms on a superficial way emphasizing the importance of certain steps like budget cut, downsizing as remedy of the improvements. These steps can be efficient in a political campaign but not enough for the implementation of substantial reforms. Another problem is the limitation of the cooperative culture among the parties. In the CEE countries the political parties are before the so-called Moncloa Pact which was signed in 1977 by the political parties of Spain. In the Moncloa Pact political parties identified 8-10 basic political issues which were taken out of the agenda of the day to day political fights and they form a National Strategy – consisting of these 8-10 political issues – which was accepted by all political parties. It is quite obvious that Public Management Reform should be an important item in a National Strategy of any new EU member states. It is a requirement which can not be met because of the weaknesses of the cooperative political culture.

But public management reforms have already begun in the region and based on the first experiences of the implementation we can draw some conclusions:

- Reform steps consist of series of decisions and actions. They are interrelated.
- Their basis should be a strategic approach. Without a strategy you can not make progress.
- Management reform is complex.

- The reform steps should meet the requirements of the economic, social and political environment.
- The reform steps has to be adaptive. A mix of top-down and bottom-up approach is optimal.

The main conclusion is that public management reform is only the initial step in the modernisation of public administration and the modernisation process can not be completed without substantial reforms in public policy making. You have to provide enough autonomy for the street level bureaucracy in every public agency and especially enough autonomy on the local level of public administration. These are the preconditions of the provision of flexibility in the adaptive process of modernisation.

Apart from that the empowerment of citizens is also integral part of the reform in the decision making process. Empowerment is more than citizen's involvement. Citizens and their civil society organisations are traditionally involved in the service provision. But empowerment means more. It requires a full range involvement of citizen groups and organisations in the public policy making from decision making to implementation.

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