

Civil Service Reform in Post-Communist Europe: The Bumpy Road to Depoliticisation

JAN-HINRIK MEYER-SAHLING

This article seeks to explain why civil service reform trajectories have differed in post-communist Europe, and why reforms have so far not led to the de-politicisation of personnel policy. It argues that the communist legacy of over-politicised personnel policy, the mode of transition and the constellation of actors after the first free elections shaped the personnel policy and civil service reform dynamics in the period directly after the change of regime. However, in terms of reform outcomes, the road to de-politicisation of post-communist civil services posed too many obstacles to lead rapidly to successful reforms. Neither governments of the left and the right nor new generations of senior bureaucrats have an incentive to engage in efforts to de-politicise post-communist civil services. The context of post-communist transformation has tended to lock in a pattern of civil service governance that is characterised by high levels of political discretion.

Political science literature that concentrates on processes of democratisation and marketisation in post-communist Europe tends to regard the establishment of a professional, de-politicised civil service as a prerequisite for the success of the 'dual transformation' (Bartlett 1997) from one party to multi-party democracy and from a state-planned to a market economy.¹ Linz and Stepan (1997: 14), for instance, argue that a 'usable state apparatus' organised on the basis of 'rational-legal bureaucratic norms' is one of five major arenas that constitute a 'modern consolidated democracy'.² Similarly, to the extent that political economists emphasise the role of a 'developmental state' (Evans 1995) as a prerequisite for establishing the conditions for a market economy, they suggest that the internal design of the post-communist state has to aim at regulating coherent careers that are based on rigorous selection criteria to bring talent into the state administration (Amsden *et al.* 1994; Nelson 1994). In either case, the point of reference for the reform of the state is a specific type of public administration that shares the features of a Weberian public bureaucracy

including a permanent civil service staffed with trained experts, appointed on the basis of competitive examinations, whose members are protected from political dismissals, receive a regular salary and have some prospect of a career within the administration (Weber 1980).

More than one decade after the change of regime, the record of civil service reform in post-communist Europe suggests that civil service developments are characterised by reform delays, failures to implement legislation and the continuing politicisation of personnel policy processes (Nunberg 1999; 2000). Hungary is widely regarded as an exception in that it passed its first civil service reform shortly after the change of regime in 1990 and 1992 and has subsequently embarked on a path of continuous civil service reform leading to further reforms in 1997, in 2001 and 2002. By contrast, Poland, Lithuania and Latvia had adopted civil service laws in the mid-1990s but failed to implement them and, therefore, adopted revised laws in 1998, 1999 and 2000 respectively. Among the other countries that have adopted civil service laws, Estonia passed a Public Service Act in 1995, Bulgaria and Romania in 1999, and Slovakia in 2001. Finally, the Czech Republic passed a civil service Act in 2002, but will only begin to implement it in January 2004. At the same time, recent research has found that 'civil service laws have seldom been the expected catalysts for the stabilisation, depoliticisation and professionalisation of the central administration' (Verheijen 2000: 29). Instead, politico-administrative relations are characterised by 'persistent influence of party politics in the management of personnel policy' (Goetz and Wollmann 2001: 880) and by 'instability' (Verheijen and Rabrenovic 2001: 411), as incoming governments show little willingness to continue to work with the administrative staff which served their predecessors in government.³ Hence, even when civil service legislation has been adopted, political interference at the top of the civil service continues to contradict attempts to establish professional civil services insulated from politics in post-communist Europe.

The aim of this article is to explain why civil service reform trajectories have differed in post-communist Europe; in particular, why Hungary was the only country in the region that embarked on a fast-track reform right after the change of regime. In addition, the article seeks to explain why it has apparently been so difficult to establish professional, de-politicised civil services. The first two parts present a theoretical framework that seeks to define and explain variation of civil service independence from political interference. The third part applies the theoretical framework to the personnel policy and civil service reform dynamics in Central and Eastern Europe. It first discusses the legacy of the communist regime and then develops three reform trajectories that may arise in the immediate period after the change of regime. Finally, drawing primarily on the civil service

TABLE 1
CIVIL SERVICE LEGAL REFORMS IN CENTRAL AND EASTERN EUROPE

Hungary	Act on the Legal Status of Civil Servants adopted in 1992. In force since 1992. Amended in 1997, 2001, and 2002.
Estonia	Public Service Act adopted in 1995. In force since 1996. Several amendments since.
Poland	Civil Service Act adopted in 1996. Implementation suspended and revised Civil Service Act adopted in 1998. In force since 1999. Several amendments since.
Bulgaria	Civil Service Act adopted in 1999. In force since 1999. Amended 2000 and 2001.
Romania	Civil Service Act adopted in 1999.
Lithuania	Law on Public Service adopted in 1999. Several amendments since.
Latvia	Civil Service Act adopted in 1994 (partially implemented). Substituted by State Civil Service Act adopted in 2000. In force since 2001. Amended in 2002.
Slovakia	Law on the Civil Service adopted in 2001. In force since 2002.
Czech Republic	Civil Service Act adopted in 2002. In force from 2004.

Sources: Bossaert and Demmke 2003; Dimitrova 2003; European Commission, Annual Reports of Progress towards Accession; and OECD/SIGMA: www.oecd.org/document/51/0,2340,en_2649_34771_2066611_1_1_1_1,00.html.

reform and policy developments in Hungary, the fourth part discusses the circumstances that have led to the failure to de-politicise post-communist civil services and the increasing stabilisation of a pattern of civil service governance that is characterised by high levels of political discretion.⁴

CIVIL SERVICE SYSTEMS AND POLITICAL DISCRETION

For the purposes of this article civil service systems are distinguished on the basis of the concept of formal political discretion.⁵ The concept of formal political discretion is borrowed from the body of ‘delegation studies’ (Pollack 2002) that studies institutional arrangements for the political control of public bureaucracies on the basis of the new economics of organisations, in particular transaction costs economics and agency theory (Milgrom and Roberts 1992; Moe 1984). Bearing in mind Strom’s (2000) agency theoretic perspective upon parliamentary democracies prevailing in post-communist Europe, it assumes that civil service legislation – or corresponding legislation in case no civil service legislation has been adopted – provides governments and their ministers with personnel policy instruments as one possible set of control measures they can apply to induce bureaucratic compliance with political objectives.⁶ Delegation studies tend to concentrate on the degree of policy making discretion that is delegated by political principals to their bureaucratic agents (Epstein and O’Halloran

1999; Huber and Shipan 2002). By contrast, the concept of formal political discretion serves to capture the extent to which civil service legislation grants governments and their ministers authority over personnel policy decisions, and the extent to which the exercise of this discretion is subject to procedural constraints.⁷

At the most general level, we can therefore distinguish between high and low degrees of formal political discretion built into civil service legislation. The degree of formal political discretion is lowest if the institutional make up of the civil service makes it virtually impossible for governments to interfere with civil service affairs, and hence to politically determine the outcomes of personnel policy. Although governments formally head the civil service, personnel policy processes are under the authority of administrative actors such as independent civil service commissions, and operate within a dense web of formalised standards and procedures to ensure the professionalism of the civil service. By contrast, the degree of formal political discretion is highest if no separate formal-legal framework is in place. As a result, governments are entirely unconstrained if they seek to intervene in personnel policy processes.

Consequently, governments that operate under a high degree of formal political discretion have more opportunities to apply personnel policy instruments than governments that are confronted with a low degree of formal political discretion, even though this does not mean that the former will eventually use their discretionary powers. Rather, a high degree of formal political discretion gives them the means to do so. As a result, the degree of formal political discretion can be understood as a possibility frontier for governments to use personnel policy instruments in the day-to-day process of civil service governance. Moreover, this perspective implies that, after an assessment of the formal-legal basis of personnel policy, it is possible to move on to an assessment of the extent to which governments have exercised the available political discretion in practice. Thus, the present perspective marries the classificatory approach that concentrates on personnel policy practice, which prevails in comparative public administration literature (e.g. Page and Wright 1999), with the emphasis of delegation studies on formal-legal rules (e.g. Epstein and O'Halloran 1999).

Obviously, in many civil service systems the degree of formal political discretion will be located somewhere between these two extremes. For instance, it was noted above that civil service developments in post-communist Europe are characterised by the coincidence of reforms that have led to the enactment of civil service laws and the persisting politicisation of personnel policy processes. The present approach suggests that this coincidence has resulted from the adoption of civil service legislation that includes discretionary instruments which governments can

use *and* have also used to determine the outcomes of personnel policy processes. In other words, the new civil service systems in post-communist Europe can be characterised by the incorporation of a degree of formal political discretion that leans towards the high end of the continuum *and* the tendency of governments to exercise the available political discretion in practice. Consequently, although civil services have been functionally defined in public law, empirical research suggests that the adopted formal-legal frameworks lack the capacity to prevent a politicisation of personnel policy in post-communist central executives because the boundaries between politics and administration have remained highly permeable.

AN INFORMATIONAL RATIONALE OF POLITICAL DISCRETION BUILT INTO CIVIL SERVICE SYSTEMS

The possible variation of the degree of formal political discretion and the extent to which governments exercise political discretion in practice leads to the questions of why governments exercise (or not) political discretion and why they choose (or not) to incorporate discretionary instruments into civil service legislation in the first place. This section briefly outlines a theoretical framework that aims to explain the exercise of political discretion and the choice of discretionary instruments built into civil service legislation based on the assumptions of informational theories of legislative choice (Krehbiel 1991). The process of choosing a high or a low degree of formal political discretion can be constructed around a constellation in which an incoming government has to decide whether or not to take advantage of expertise held by senior bureaucrats inherited from an outgoing government. Generally, governments and their ministers are assumed to be motivated by policy outcomes rather than policies themselves, which are chosen in the legislative process. In addition, any incoming government is assumed to be initially uncertain about the consequences of alternative public policies upon policy outcomes.

By contrast, in accordance with non-institutionalist rational choice theories of public bureaucracies, and with Dunleavy's (1991) bureau-shaping model in particular, it can be assumed, first, that bureaucrats are motivated by career advancement and/or the prospect of retaining positions close to political power centres when it comes to the choice of civil service institutions as rules regulating their employment relationship. Second, bureaucrats that are inherited from an outgoing government are policy specialists relative to an incoming government, for they undoubtedly have superior information about the details and ramifications of existing policies, which they have prepared and/or managed under the previous government. Moreover, they possess important procedural knowledge about the way

policies are formulated and how future policies can be managed simply due to their experience in office.⁸ As a consequence, an incoming government can benefit from taking advantage of existing bureaucratic expertise if it chooses to work with inherited bureaucrats because this can enhance the prospect of developing well-informed policies. However, an incoming government will only have an incentive to listen to inherited bureaucrats if it can trust them. Moreover, it will only be able to tap their expertise if it can credibly commit itself not to meddle with bureaucratic careers, that is, not to exercise political discretion over personnel policy.

First, the extent to which an incoming government is facing a problem of political trust, that is, the extent to which the government expects inherited bureaucrats to aid the development of policies aimed at reaching outcomes they desire, depends on the career record of senior bureaucrats and on their policy making record.⁹ The career record of bureaucrats influences governments' evaluation of bureaucratic trustworthiness to the extent that inherited bureaucrats owe their career (advancement) to the outgoing government. For instance, a new government will be relatively less concerned about the trustworthiness of bureaucrats if governments in general have no possibility to exercise political discretion over personnel policy – since in this case bureaucrats are unlikely to owe their career to their predecessors in government. By contrast, an incoming government has good reason to associate bureaucrats with the outgoing government if these had been recruited from outside the public administration and directly inserted into the senior ranks by the previous government.

In addition, the government's problem of political trust is affected by the policy making records of bureaucrats to the extent that the policies pursued by the previous government differ from the goals of the incoming government. For instance, consider a change in government that has only been partial, but in which one or more ministers of the party staying in government have been replaced. Under these conditions, a new minister will not be particularly troubled if an inherited bureaucrat has been promoted or recruited by his predecessor, in that the policy preferences of the incoming and the outgoing minister are likely to be very similar if not identical.

As a consequence, if an incoming government can trust inherited bureaucrats, *and/or* if it has an opportunity to mitigate problems of political trust before taking office, it will seek to take advantage of their expertise in the process of executive policy making and will therefore not exercise political discretion. However, bureaucrats that stay in office will only have an incentive to be informative, that is, to share their expertise with the incoming government, if institutional mechanisms are in place that minimise the possibility of governments to meddle with bureaucratic

careers and signal to future governments that they do not owe their career to the government of the day.¹⁰ The reason is that every change in government can be assumed to create at least a minimum level of distrust between inherited bureaucrats and the members of the incoming government. Moreover, it is conceivable that an incoming government may choose or may have to work with inherited bureaucrats even if it perceives a severe problem of political trust simply because it lacks personnel alternatives, or the time and resources to replace existing staff. Consequently, bureaucrats who stay on after a change in government and who can therefore be assumed to seek a career in public administration will only be informative if the new government can commit itself to ensuring that the senior ranks of the ministerial bureaucracy are reserved for senior bureaucrats already in office and/or for second-tier bureaucrats who are seeking promotion.

This implies that the incoming government has to institutionalise restrictions on political interference into personnel policy, for instance, by delegating the management of personnel policy to an independent body such as a civil service commission. In other words, the incoming government has to set up or maintain a personnel system with a low degree of formal political discretion if it wants to take advantage of existing bureaucratic expertise. However, the logic of using restrictive amendment procedures in the US Congress (Gilligan and Krehbiel 1987) suggests that an incoming government will have an incentive to do so only if it can place sufficient trust in the inherited bureaucrats in the first place. As a result, bureaucrats who stay in office can be informative because that can enhance their career prospects, while the government can enhance the prospect of developing well-informed public policies.

By contrast, if an incoming government is troubled by a major problem of political trust towards senior bureaucrats, it will not want to rely on their expertise, for it will typically not appreciate the policy advice of mistrusted bureaucrats. Instead, it will prefer to replace inherited bureaucrats with trusted appointees, and hence it will seek to exercise political discretion over personnel policy, given the formal-legal possibility to do so. However, because trusted appointees owe their career or appointment to senior rank to the government of the day, they can anticipate that they will only stay in office as long as the government does. Therefore, the incoming government does not have to establish special institutional mechanisms that induce new appointees to cooperate, and thus it has no need to restrict its possibilities to exercise political discretion over personnel policy.

Based on these theoretical propositions, the next part discusses the personnel policy and civil service reform dynamics that could arise in post-communist Europe in the period immediately after the change of regime.

The first section briefly outlines the personnel policy dynamics and the potential pressures for institutional reform during the communist regime and how they differ from democratic regimes. The following three sections discuss three different scenarios that could arise after the change of regime and their impact on the direction of civil service reform when viewed through the lens of political discretion.

PERSONNEL POLICY AND CIVIL SERVICE REFORM IN CENTRAL AND EASTERN EUROPE

On the Eve of Regime Change

At the time of regime change, the personnel systems of Central and Eastern European public administrations displayed a high degree of formal political discretion, for no specific civil service legislation was in place and thus governments and their ministers were entirely unconstrained when it came to the exercise of political discretion. This was also a stable system in the sense that it tended to reproduce the same kinds of personnel policy dynamics that effectively prevented the emergence of civil service reform pressures. One party rule effectively ensured that no change in government could occur. As a result, whenever the composition of government changed, new ministers were hardly troubled by problems of political trust. On the one hand, the policy preferences of new ministers were identical or at least very similar to those of their predecessors. On the other hand, the bureaucratic career path to senior ranking positions in the ministry made sure that incoming ministers did not have to have doubts about the political reliability of senior bureaucrats in office. There were a number of factors involved here.

First, although professional and managerial qualifications had gradually gained importance for the selection and promotion of senior bureaucrats in communist state administrations especially since the late 1970s, political and ideological reliability remained the dominant criteria until the eve of regime change (Balázs 1993). Second, the inclusion of senior positions in the ministerial hierarchy into the nomenclature system implied that senior bureaucrats were effectively selected by the communist party organisation or their appointment was at least approved by the party (König 1992). Third, a common feature of the nomenclature system was the interweaving of individual career paths in the party, the state administration and/or the economy (Kornai 1992: 39). For senior bureaucrats, this meant that young administrators would enter at the bottom ranks of a ministry and seek promotion to the lowest managing ranks. At least at this point, they were expected to join the Communist Party, which would give them an opportunity to work in the party headquarters to acquire 'political craft' (Goetz 1997).

Eventually, they would be appointed to positions in the ministries as senior bureaucrats.¹¹ As a consequence, one party rule and the compulsory rather than optional exercise of political discretion ensured that new ministers were not confronted with problems of trust. Hence, new ministers had an incentive to rely on the expertise of the senior bureaucrats in office rather than replacing them. This does not mean that changes in the composition of governments would not entail changes in the senior bureaucracy. Rather, there was no need for new ministers to use their discretionary powers to bring senior bureaucrats in line with their preferences.

At the same time, bureaucrats were aware that career progression depended on their ability to signal political commitment to the party, for instance, by means of becoming member of the Communist Party. Moreover, the power monopoly of the Communist Party and the interweaving of political and bureaucratic career paths meant that senior bureaucrats and those who strove for senior ranks had an incentive to be informative towards the government and its ministers at all times because failure to do so would have halted their career at an early stage. Conversely, politically non-committed bureaucrats (to the extent that they existed) had no prospects of gaining promotion to senior positions close to political power centres. Therefore, these politically non-committed bureaucrats had much to gain from a disentanglement of political and bureaucratic career paths. Hence, if any pressures for the reform of the socialist personnel system had ever been voiced, they would have emerged from politically non-committed bureaucrats in lower ranking managing positions or below, who could not gain promotion to senior ranks as long as the communist career system continued to exist.

In democratic regimes with regular alternation of political parties in government, low problems of political trust and the desire to tap existing bureaucratic expertise tend to lead towards pressures for institutional reforms that imply government commitment to a low degree of formal political discretion. By contrast, in communist regimes, one party rule and the specific structure of senior bureaucrats' career paths ensured that governments did not have to worry about either problems of political trust or problems of bureaucratic informativeness, and hence there were no or only marginal pressures for institutional reform.¹² However, the introduction of multi-party competition after the change of regime inevitably destroyed this cosy relationship between politicians and bureaucrats (Meyer-Sahling 2001b). At the same time, it represented the status quo that shaped the way the first democratically elected governments perceived problems of political trust towards senior bureaucrats, their personnel policy strategies and the resulting incentives of bureaucrats to be informative towards democratically elected governments.

Before turning to the personnel policy and civil service reform dynamics that could occur after the change of regime, it is worth trying briefly to appreciate the nature of the various governments' problems of uncertainty at the outset of the transformation process. Central and Eastern European 'triple transitions' (Offe 1991) implied for the first democratically elected governments that there was in fact no misreading of the tasks that were on their policy making agenda. However, in practice the policy making tasks went much further than even the establishment of constitutional democracy, a market economy and the consolidation of the nation state. Rather, the transformation essentially required a massive, large scale change of virtually each and every policy area in that existing policies had either lost their *raison d'être* or their legitimacy in the eyes of citizens and policy makers after the end of communist rule (Elster *et al.* 1998; Offe 1995).

In other words, new democratically elected governments were confronted with the challenge of drafting vast amounts of legislation that were supposed to affect fundamental policy reversals. However, the complexity of the tasks involved and the inability to anticipate the consequences of policies on outcomes implied that new governments were also confronted with serious problems of incomplete information or policy making uncertainty (Wiesenthal 1996). On the other hand, bureaucrats that were in office at the time of regime change were policy specialists relative to the new governments because they had knowledge which the new governments were lacking, especially when these governments were formed by parties of the former democratic opposition. Western as well as Eastern scholars and in particular politicians from the democratic opposition (see below) emphasised the politicised or 'trained incompetence' (König 1999) of the communist bureaucracy. However, regardless of their career background or their political commitment to the Communist Party, it was evident that the sheer experience of bureaucrats in office provided them with superior knowledge about the details and the history of the existing policies and circumstances in different policy areas. As a consequence, notwithstanding the assumption that every incoming government is puzzled by problems of policy making uncertainty, one of the key governance challenges for the first democratically elected governments was to devise strategies that would reduce their uncertainty about the relationship between policies and outcomes they desired.

Scenario I: Sticking with the Old Guard

The first post-communist scenario concerns the first democratically elected governments that were not troubled by problems of political trust and chose not to replace the senior bureaucrats in office. In other words, the governments sought to take advantage of existing bureaucratic expertise by

TABLE 2
CIVIL SERVICE REFORM DYNAMICS IN CENTRAL AND EASTERN EUROPE AFTER THE CHANGE OF REGIME

	Scenario I: <i>'Sticking with the Old Guard'</i>	Scenario II: <i>'Getting Rid of the Old Guard'</i>	Scenario III: <i>'From Pact to De-politicisation?'</i>
Mode of Transition	Imposed or regime controlled	Regime collapse	Pacted transition
Government after First Democratic Elections	Communist successor party	Parties of the democratic opposition	Parties of the democratic opposition
Problem of Political Trust	Lowest	Highest	Intermediate
Personnel Policy Strategy	Governments do not initiate replacement of senior bureaucrats in office, although a few changes may occur.	Governments initiate as many replacements as possible, but the scope of replacements is limited for practical reasons. Vacancies are primarily filled with outside.	Governments initiate very few replacements. Vacancies that arise due to resignations are primarily filled with second tier bureaucrats.
Agents of Civil Service Reform Pressures	Second tier bureaucrats because they want to enhance their career prospects.	Second tier bureaucrats and remaining senior bureaucrats because they want to enhance and/or protect their careers.	Second tier bureaucrats and new generation of senior bureaucrats because they want to enhance and/or protect their careers.
Obstacles to Civil Service Reform	Senior Bureaucrats and governments have no incentive to initiate reform. No reform dynamics occur.	Newly appointed senior bureaucrats and governments have little incentive to initiate reform. In particular, governments do not want to commit to mistrusted bureaucrats. No or very few reform dynamics occur.	Governments may be reluctant to commit to mistrusted bureaucrats and possible veto players within or outside government may prevent change. Major reform dynamics occur.
Countries	Bulgaria, Romania	Czechoslovakia, Baltic States	Hungary, Poland

sticking with the old guard of senior bureaucrats who had already served in the top positions before the change of regime. In the real world, the most suitable candidates for this scenario are the countries in which communist successor parties formed the government after the first democratic elections. Romania and Bulgaria are the countries most closely approximating this scenario.

In these countries, governments did not have to worry much about the reliability of senior bureaucrats in office because the last government of the communist regime was effectively formed by the same political party. On the one hand, even if the policy preferences of the new government differed from the last communist government, as might be the case if the post-communist government were formed by reform-minded communists, the shift in policy preferences would not be as large as if a new party or a new coalition of parties had taken office. Moreover, the Communist Party had previously selected the senior bureaucrats in office on the basis of their political reliability. Hence, there was no reason for these governments to initiate politically motivated changes in the composition of the senior bureaucracy.

The theoretical framework suggests that under these conditions bureaucrats will only be informative if governments are willing to commit to non-intervention into personnel policy and hence to establish a low degree of formal political discretion. However, this chain of events was unlikely to occur in these post-communist cases directly after the change of regime. Rather, the senior bureaucrats in office had strong incentives to be informative towards a government that was formed by the communist successor party. The reason is that senior bureaucrats explicitly owed their career to the party that had already ruled during the communist regime. Hence, at least to the extent that senior bureaucrats had made their way through the party headquarters or even if they had not done so, but owed their appointment to the Communist Party, they were aware that a future change in government would probably terminate their time in office. This would be so even if the government had adopted civil service legislation with a low degree of formal political discretion, in that any future non-communist government would associate them with both the Communist Party and the communist regime. As a result, the career prospects of senior bureaucrats and their political masters were effectively bound together. As Verheijen (1999: 96) argues for the first post-communist government in Bulgaria led by Prime Minister Lukanov from the Bulgarian Socialist Party, '[t]here was a natural coalition between remaining old administrative cadres and politicians from the re-named Communist Party, based on political loyalty and the need for both politicians and civil servants to 'survive' under the new conditions'.

On the other hand, the demand for the adoption of civil service legislation that curtails governments' possibilities to exercise political discretion arose from bureaucrats in lower managing ranks or young administrators who were striving for promotion to senior ranks. With or without past political commitment, these second tier bureaucrats had at least not been close to political power and the Communist Party before the change of regime. Therefore, they had much to lose if a high degree of formal political discretion persisted. The reason is that even if a career stop-over in the party headquarters and party membership were no longer a requirement for reaching ministerial top jobs, promotion to the senior ranks implied for second tier bureaucrats that future governments would associate them with the Communist Party. Hence, promotion to the senior ranks entailed the risk that one's career would be terminated after the next change in government. For instance, a survey in the Bulgarian state administration concluded that '[c]ivil servants are in a constant fear of change, there is an absence of cohesion and team spirit and a lack of joint objectives. ... This generally leads to a situation where most civil servants prefer to take a 'defensive position' and attempts to perform their work by taking minimum risks thus avoiding responsibility for any conceivable error' (quoted in Bozhidarova *et al.* 1999: 8). As a consequence, and following the change of regime, second tier bureaucrats no longer had an incentive to be informative towards a government formed by a communist successor party. Instead, they tended to be defensive in their policy making approach unless personnel policy was de-politicised.

However, the demand of second tier bureaucrats for de-politicisation could not translate into strong enough pressures to establish a de-politicised personnel policy regime. First, because the incentive structure of top tier senior bureaucrats and second tier bureaucrats differed, bureaucrats did not have homogeneous preferences about institutional reforms. Second, second tier bureaucrats were confronted with the strategic disadvantage that they were not in the influential policy making posts close to political power, which were instead occupied by senior bureaucrats who were either indifferent or opposed to institutional reforms with de-politicising effects. Finally, second tier bureaucrats would have had to overcome a collective action problem if they wanted to make their demand for institutional reform heard. Hence, they either needed an agent among the senior bureaucrats or conceivably among politicians to promote their cause, or they needed to rely on the thrust of public service unions, which themselves underwent a process of transformation.

As a consequence, if a communist successor party formed the first post-communist government, only very minor pressures towards civil service reform with de-politicising effects arose, and these were unlikely to gather

support in the political arena. Rather, the personnel policy dynamics of the communist regime tended to persist after the change of regime to democratic rule because no effective change in the partisan composition of government occurred and therefore civil service reform pressures were only marginally stronger than before the change of regime.

Scenario II: Getting Rid of the Old Guard

The second post-communist scenario refers to governments heavily plagued by problems of political trust and which therefore tried to replace the senior bureaucrats inherited from the communist regime. These governments did not want to tap the expertise of old guard bureaucrats. In the real world, the most suitable candidates for this scenario are the first democratically elected governments formed by parties of the democratic opposition. At first sight, Poland, Hungary, Czechoslovakia and the Baltic States fit this scenario most closely, but this group will be differentiated below.

In these cases, the new governments were severely troubled by problems of political trust because the change in government was embedded in a change of regime. First, the governments formed by parties of the democratic opposition did not merely associate the inherited senior bureaucrats with the policies of the outgoing government, but they also associated them with the policies of the former non-democratic regime. Hence, the policy differences between the outgoing and the incoming governments could not be larger than they were in these cases. Second, the career path of the senior bureaucrats in office suggested both that they had been co-opted by and that they had actively cooperated with the former communist ruling party. Moreover, the unity of the political and bureaucratic elite during the communist regime suggested to the members of the new governments that former senior bureaucrats were also to be held responsible for the performance crisis of the communist regimes. Hence, they were regarded as both party politicised and incompetent. From the point of view of trust, the new governments formed by parties of the democratic opposition therefore had little incentive to avail themselves of the knowledge held by senior bureaucrats in office at the time of regime change. Instead, they sought to replace inherited senior bureaucrats with 'new bureaucrats' unrelated to the communist regime.

As a result, the central problems for governments formed by parties of the democratic opposition effectively concerned the scope of replacements and the tricky question of who would actually fill the vacancies in the senior ranks of the ministries (Vanagunas 1999; Vidláková 2001). Again, there were a number of factors involved here. First, because it is impossible for a new government to replace an entire state bureaucracy, it became a practical imperative that changes at the top had to be selective. Thus, bearing in mind

that decision making processes in hierarchical organisations are difficult to control, ministers sought to enhance control over ministerial policy making by appointing trusted bureaucrats to key positions (cf. Hammond 1986; 1996). Second, the over-politicised nature of the real existing socialist administration implied that new governments had difficulties in finding bureaucrats who promised to combine expertise and a career that was not owed to the Communist Party unless they dug deep into the administration. Hence, governments formed by parties of the democratic opposition were confronted with a problem of political trust towards inherited senior bureaucrats and a second problem concerning the small supply of bureaucrats who could fill the vacancies in the senior ranks, and as a result they were virtually driven to recruit a new guard of senior bureaucrats from outside public administration – and in particular from academia and the oppositional movement, both of which offered the combination of some expertise and a lack of involvement in the communist regime.¹³ However, this implied severe problems of trust for incoming governments, while the lack of personnel alternatives inside public administration reproduced personnel policy dynamics similar to those of the communist regime in that a far-reaching exercise of political discretion lay at the centre of personnel policy.

The theoretical framework suggests that under these conditions ‘new senior bureaucrats’ will have an incentive to share their knowledge with the new governments and that governments are therefore not required to establish specific institutional arrangements that imply a reduction of the degree of formal political discretion. However, while newly recruited bureaucrats will certainly always have an incentive to cooperate, their position towards institutional reforms will also depend on their career aspirations, in particular the extent to which they seek to pursue a career in public administration. In practice, it is reasonable to believe that some of the new appointees became converted career bureaucrats, but the number of new appointees seeking a career in politics rather than public administration or a return to academia or similar settings was probably as large as the first group. Yet the group of converted career bureaucrats must still be regarded as trustees of the new governments and their ministers and hence they shared their problem of trust towards the lower ranks in the ministries or the remaining senior bureaucrats of the communist regime. Hence, the group of converted career bureaucrats could hardly become a major proponent of civil service reform because they shared the suspicion of the new government towards the remaining bureaucracy.

As a consequence, the problem of bureaucratic informativeness concerned again second tier bureaucrats who feared that promotion to senior ranks under the first democratically elected government alongside the recruitment of (in many cases politically) faithful bureaucrats to senior ranks

would threaten their career prospects after a future change in government. However, in addition to the three obstacles to promoting their cause discussed above, second tier bureaucrats were also confronted by a lack of incentive of the new governments to support civil service reforms with de-politicising effects. The reason is that new governments formed by parties of the democratic opposition not only shared a general distrust of the administration, but, as suggested above, they were also limited in practice in their effort to replace bureaucrats associated with the communist regime. Hence, if the new governments had endorsed the demand for institutional reforms, they would have committed themselves not to exercise political discretion over personnel policy even though the bureaucracy was still partially staffed with mistrusted bureaucrats.¹⁴ As a consequence, although new governments were confronted with a problem of informativeness of second tier bureaucrats and remaining inherited senior bureaucrats, they had no incentive to alleviate the problem.¹⁵ Although the pressure for initiating civil service reform was relatively greater than in the first post-communist scenario, it remained minor and did not make it onto the government agenda.

Scenario III: From Pact to De-politicisation?

The last post-communist scenario concerns governments troubled by problems of political trust but still trying to work with the old guard of senior bureaucrats. Hence, the new governments sought to take advantage of existing bureaucratic expertise. The theoretical framework suggested that governments may also want to take advantage of existing bureaucratic expertise because they have a chance at least partially to overcome problems of trust. Therefore, the most suitable candidates for this scenario are governments formed by parties of the democratic opposition that were able to lower the salience of their problem of trust due to an opportunity to learn about the policy orientations of the senior bureaucrats in office.

The most obvious setting where politicians of the democratic opposition and senior bureaucrats of the former regime could meet was in the Round Table Talks. On the one hand, politicians of the democratic opposition had the opportunity to learn about the bureaucrats' policy orientations and, on other hand, bureaucrats had an opportunity to signal their orientations towards the politicians that might form the government after the first democratic elections. However, while Round Table Talks were initiated in all countries except Romania, the most appropriate setting for this scenario arose during the 'pacted transitions' in Hungary and Poland. In these countries, the Round Table Talks lasted longer than in countries like Czechoslovakia where the communist regime collapsed within a few weeks (Merkel 1999).¹⁶ Moreover, pacted transitions were effectively negotiated between soft liners of the communist regime and moderate opposition

forces (Colomer 1995; Colomer and Pascual 1994), which reduced the ideological gap between alternating governments at the time of regime change. Consequently, governments in countries that underwent a pacted transition had an opportunity to alleviate their problems of trust during the negotiations regarding transition, which encouraged them to take advantage of the expertise held by inherited senior bureaucrats.¹⁷

However, this is not to say that no changes among senior bureaucrats occurred. Senior bureaucrats who had simultaneously held political positions in the Communist Party were unlikely to qualify for a senior post under the new government. Moreover, the demise of the communist regime and the investiture of a government formed by parties of the democratic opposition inevitably led to a number of resignations among senior bureaucrats. However, the essence of a non-replacement strategy under this scenario refers to the reactive use of political discretion by the new government. In other words, these new governments did not actively initiate the replacement of senior bureaucrats but recruited a limited number of former second tier bureaucrats from inside the ministerial bureaucracy in response to the emergence of vacancies in the senior ranks.

Second, the strategy to work with the inherited bureaucrats even under conditions of nominally high problems of trust is based on the condition that politicians of the democratic opposition had an opportunity to learn about senior bureaucrats' policy orientations before taking office. This condition could only be met by a minority of politicians – those who had actively participated in the Round Table Talks. Consequently, the personnel policy strategy was not stable because ministers who had not participated in the Round Table Talks were likely to be much more suspicious towards inherited senior bureaucrats. Members of the parliamentary factions or politicians outside parliament also failed to share the same experience, since usually only a minority of government politicians had been participants at the Round Table Talks. This strategy therefore had the potential to be stable only to the extent that either all politicians shared the same confidence towards senior bureaucrats or that 'confident politicians' had control over 'suspicious politicians'.

Regardless of this political balance of power, the theoretical framework suggests that bureaucrats will be more cooperative towards the new government the more they have exercised political discretion. Hence, in this scenario, senior bureaucrats should not be informative unless the government was willing to commit itself to not exercising political discretion over personnel policy. The reasons are, first, that senior bureaucrats were entirely aware that the new government had a problem of political trust and that they had stayed in office through the grace of confident politicians, thus suggesting the fear that the purges of the senior ranks were simply postponed

to the near future. Moreover, the longer the present government waited with the sort of institutional reforms that would tackle formal political discretion, the more the senior bureaucrats in office had to fear that they would be associated with that government. The senior bureaucrats in office therefore faced a dilemma: being non-informative would have led to their dismissal, while being informative could threaten their future career in the public administration. By contrast, second tier bureaucrats had the same incentive structure as under the previous post-communist scenarios. Regardless of the incentive dilemma of senior bureaucrats, it is clear that bureaucrats were united in their demand for rapid institutional reforms that would lower the degree of formal political discretion.

The question then is whether the new governments were ready to endorse these bureaucratic preferences for institutional reform. On the one hand, these governments had not forgotten that they had inherited the bureaucracy from the communist regime, which had over-politicised personnel policy. As a result, a constellation similar to that discussed in the second post-communist scenario could arise. Because the problem of trust is generally high, these governments fail to subscribe to civil service reforms because of the fear that the policy orientations of the inherited bureaucrats may ultimately be too far from the mainstream, which implies that governments do not engage in civil service reform efforts. Alternatively, governments could simply adopt a 'wait and see' policy and postpone the initiation of civil service reform until they feel prepared to trust the inherited senior bureaucrats completely. Civil service reform could take off, but it would occur only some time after the change of regime.

On the other hand, it can be expected that these governments had an incentive to commit themselves to de-politicising reforms in that they were likely to be less puzzled by problems of political trust than governments in the second post-communist scenario, and because it was a necessary condition to tap the expertise held by the bureaucrats in office. Given the confidence of at least some politicians, civil service reform dynamics therefore took off right after the change of regime and the investiture of a new government. However, confident politicians within government were only able to enact institutional reforms with de-politicising effects if they were able to overcome the potential veto position of those politicians in government who were suspicious about the inherited bureaucrats. Precisely because not all members of the government may have had the luxury of learning about bureaucratic preferences at the Round Table Talks, the proponents of civil service reform were confronted with obstacles that resulted from the veto potential of opposing politicians within and outside government.

THE FAILURE TO DE-POLITICISE POST-COMMUNIST CIVIL SERVICES:
HUNGARY IN COMPARATIVE PERSPECTIVE

So far, the discussion suggests that the change of regime upset the personnel policy and civil service reform dynamics of the communist regime, which were characterised by both 'over-politicisation' (Goetz and Wollmann 2001) and the virtual absence of pressures to reform existing personnel systems. All three scenarios that could arise directly after the change of regime led to the emergence of more or less pressure for institutional reform. In the first two scenarios, civil service reform pressures originated in the career interest of second tier bureaucrats. However, their interest did not coincide with the reform incentive of senior bureaucrats in the very top ranks. Moreover, governments that were formed by communist successor parties after an imposed regime change and by parties of the democratic opposition after a transition by regime collapse did not have an incentive to engage in civil service reforms with de-politicising effects upon personnel policy.

The only reasonable prospect for the de-politicisation of post-communist civil services shortly after the change of regime arose if parties of the former democratic opposition formed the first democratically elected government, if their members had participated in the Round Table Talks of a pacted transition, and if these politicians were able to control 'suspicious forces' within and outside government. Hungary and Poland were the only countries in the region that approximated this scenario. However, neither of the two succeeded in passing a reform that would have led to a rapid de-politicisation of their civil service systems.

In the first place, the circumstances that accompanied Hungary's transition to democracy encouraged the first post-communist government led by Prime Minister Antall from the Christian-Conservative Hungarian Democratic Forum (MDF) to work primarily with senior and higher ranking bureaucrats who were effectively inherited from the communist regime. Shortly after taking office and especially after the initiation of the Round Table Talks, the last socialist government led by Prime Minister Németh (1988–90) increasingly dissociated itself from the ruling Communist Party, MSZMP, and effectively became an 'interim government'. In this context, it began to break with the over-politicised personnel policy practice of the past by promoting reform-minded bureaucrats and by recruiting academics into the senior ranks of the state administration to prepare the policy reforms for the period after the change of regime. The new government and especially Prime Minister Antall were also able to mitigate problems of political trust in relation to senior and higher ranking bureaucrats who had been in office during the last socialist government because they had an opportunity to learn about bureaucratic policy orientations during the Round Table Talks of Hungary's pacted transition. At the same time, the

Round Table Talks provided a setting for senior bureaucrats to demonstrate their willingness to cooperate with future, democratically elected governments. Finally, Antall recognised already during the Round Table Talks the need to work with bureaucrats who had begun their career at some point during the communist period, for their expertise would be indispensable for the success of the radical policy changes that were involved in the transformation process. As a result, a large majority of bureaucrats in the senior ranks were replaced after the formation of the first post-communist government in the spring and summer of 1990, but Antall's strategy to recruit most first generation top officials from the lower managing ranks of the ministerial bureaucracy can be considered as an attempt to take advantage of existing bureaucratic expertise.

Antall first initiated the preparation of the Temporary Act on State Secretaries and shortly after a far-reaching civil service reform that aimed at de-politicising personnel policy. These reform initiatives also reflected the career interests of senior and higher ranking bureaucrats who had raised the concern already during the Round Table Talks that future changes in government could undermine their career prospects in public administration. The Antall government did not ultimately succeed in enacting the proposed civil service reform, however, due to the emerging veto power of dissenting factions within the MDF in parliament. The radical factions within the MDF perceived major problems of political trust, as many of them had not had an opportunity to allay such fears during the Round Table Talks. In addition, their radical anti-communist position reinforced the perceived ideological and policy differences between the former socialist government and the first post-communist government. As a consequence, and more in accordance with the second post-communist scenario, the radical MDF factions did not expect that the expertise of inherited bureaucrats would facilitate the preparation and implementation of the government programme and instead advocated far-reaching personnel changes in the ministerial bureaucracy. These factions had little direct influence over the decisions to shape the composition of the ministerial bureaucracy, however, in that they were underrepresented in the cabinet. These opponents of a fast-track de-politicisation of the Hungarian civil service were therefore reluctant to commit themselves to non-intervention in personnel policy because of a perceived distrust of the loyalty of the bureaucrats who had been inherited from the communist regime. Rather, they demanded tough transitory rules and/or the incorporation of institutional mechanisms that would allow them some time in the future to build trust in relation to the ministerial bureaucracy.

It was only because of the desire of the political and administrative elite to follow Western European models of public administration that the reform

did not fail altogether. However, the civil service system that was established by mid-1992 displayed a high degree of formal political discretion in that it incorporated a variety of discretionary instruments which governments and their ministers could use to politically determine the outcomes of personnel policy (Meyer-Sahling 2001a). As a result, a civil service was functionally defined in public law, but the boundaries between politics and administration remained wide open.

By contrast, although Poland had similar starting conditions to Hungary in that its mode of transition is also classified as a pacted transition, it did not even reach the stage of successfully initiating civil service reform. On the one hand, the Polish Round Table Talks provided a setting where representatives of the democratic opposition could gauge the reliability of inherited senior bureaucrats, while bureaucrats could signal their willingness to cooperate with the new government, which eventually encouraged the Mazowiecki government to work primarily with inherited senior bureaucrats.¹⁸ On the other hand, we have to take into account that the Mazowiecki government was formed after the semi-democratic elections of 1989 and that it had to co-govern with President Jaruzelski from the Communist Party. Hence, the political context of the Mazowiecki government corresponded much more closely to that of the Németh government. During Hungary's Round Table Talks, senior and higher ranking bureaucrats who were opponents of civil service reform prior to 1989 became strong supporters of reform efforts thereafter. However, the Németh government lacked the legitimacy and political capacity to initiate a far-reaching reform of public administration without the consent of the parties of the democratic opposition outside government during the Round Table Talks, while the representatives of the parties of the democratic opposition were reluctant to endorse a fast-track de-politicisation of the civil service before the first free elections. Hence, it can be expected that the protracted nature of the Polish transition caused the representatives of the democratic opposition to adopt a 'wait and see approach' towards civil service reform and that the government instability in the period after 1991 prevented the initiation of more ambitious reform efforts until the mid-1990s (Wiatr 1996).

As the transition literature suggests, the legacy of the past, the mode of transition and the constellation of actors after the first free elections shaped the personnel policy and civil service reform dynamics in the immediate period after the change of regime. However, in terms of reform outcomes, the analysis leads to the conclusion that the road to a rapid de-politicisation of post-communist civil services posed too many obstacles to lead to successful reforms. The question therefore arises as to whether the conditions for the establishment of de-politicised civil services improved in later periods, that is, after subsequent changes of government.

Personnel Policy and Civil Service Reform Dynamics in Later Periods

Consider first the option that a communist successor party was replaced by a government formed by parties of the democratic opposition after the second elections – as was the case in Bulgaria and Romania. Obviously, the most likely scenario here would be that dynamics similar to the second post-communist scenario would ensue, in that the new government was confronted with major problems of political trust but had no special opportunity to learn about senior bureaucrats' policy orientations. Alternatively, consider the option that a government formed by parties of the democratic opposition was replaced by other parties that had been in opposition before the change of regime. Again, a likely outcome was that the second scenario reproduced itself, although we would also have to take account of the extent to which the incoming and the outgoing governments were ideologically opposed to each other. Finally, consider the possibility that a communist successor party replaced a government formed by parties of the democratic opposition, which was the case in Hungary, Poland and Lithuania. On the one hand, a communist successor party was likely to have been less troubled by problems of political trust because it would still have known a relatively large proportion of ministerial bureaucrats from the pre-transition period. On the other hand, it still had an incentive to respond to the politicisation tendencies of its predecessor in government. Moreover, there is good reason to assume that a communist successor party would have mistrusted those bureaucrats who had chosen to cooperate with the previous government. As a result, it can be expected that a communist successor party would also exercise a good deal of political discretion over personnel policy and that no major efforts in the direction of lowering the degree of formal political discretion would ensue. In sum, there is a strong tendency for personnel policy and civil service reform dynamics similar to the second post-communist scenario to arise in later periods unless subsequent changes in government provided conditions that lowered the salience of problems of political trust for incoming governments.

A closer look at subsequent reforms in Hungary can help to clarify why it is hard to expect the prospects of de-politicisation to improve in later periods. Since the first civil service reform of 1990–92, Hungary has undergone two more major reforms in 1997 and 2001. Both reforms attempted to at least partially de-politicise the civil service. However, neither of them restricted the possibilities of governments to intervene in personnel policy in so far as the recruitment, appointment and transfer of civil servants was concerned. Therefore, the Hungarian experience suggests the more general conclusion that the context of post-communist transformation has a good chance of locking in a pattern of civil service governance characterised by high levels of political discretion.

Hungary's Second Civil Service Reform

The second reform enacted in 1997 by the socialist-liberal government (1994–98) under the leadership of Prime Minister Horn from the Hungarian Socialist Party (MSZP), was based on a comprehensive public administration reform programme including a set of detailed propositions to limit the possibilities for governments to intervene in personnel policy, especially in relation to the managerial ranks. In the event, the reform programme got stuck in the coalition dynamics before the 1998 national elections, and it contradicted both the personnel policy incentives of the governing parties and the career interests of senior officials who had only been brought back into the administration in 1994 and thereafter.

First, the Horn government had replaced a large proportion of senior officials that had been recruited and promoted by the Antall government, in particular state secretaries in the top two ranks of the ministerial hierarchy.¹⁹ In their place, the government tended to appoint senior officials who had been recruited from other settings than the ministerial bureaucracy. The MSZP took advantage of its legacy as the former communist state party by bringing back officials who had already gathered experience in senior positions before 1990 and by recruiting new senior officials from various backgrounds of its wide-reaching social networks. Similarly, to the extent that the junior coalition partner, the Alliance of Free Democrats (SZDSZ), sought to replace inherited senior officials, it tended to recruit personnel from social sectors in which the party was well anchored, as for instance in the cultural sector of the capital city Budapest. The result was that neither of the two governing parties had an interest in changing the status quo. Moreover, the new appointees who had only been recruited into the administration in 1994 or thereafter had nothing to gain from the de-politicisation of the senior civil service.

The disinterest of the governing parties in a far-reaching civil service reform was reinforced by the peculiar coalition dynamics in the period before the 1998 national elections, which resulted from the then anticipated election victory of the MSZP and the gradual weakening of the SZDSZ (Ágh 1998). In this context, the SZDSZ no longer advocated anything else but incremental policy change, while the MSZP could reasonably lean back and wait for a possible reform until after the forthcoming elections. The result was that the ambitious civil service reform proposal was transformed into a small-scale institutional adjustment of the status quo aiming to alleviate the most pressing problems of the day. The existing discretionary instruments to politically determine personnel policy outcomes were therefore left untouched, while additional discretionary instruments were introduced, such as the possibility of setting up ministerial cabinets.

This suggests that the investiture of a government formed by a communist successor party, alone or in coalition with other parties, does not improve the prospects of establishing a de-politicised civil service in post-communist countries. On the one hand, a government of this type can be assumed to have fewer problems of political trust in relation to the ministerial bureaucracy when compared to parties of the former democratic opposition. On the other hand, attempts to establish institutional mechanisms that restrict the exercise of political discretion over personnel policy contradict the desire to allow affiliated officials to commute between public administration, the private sector and even politics. The Hungarian case further suggests that a communist successor party may be much less concerned with the consequences of politicising personnel policy. As argued above, restrictions on political interference in personnel policy, that is, a low degree of formal political discretion, serve as institutional mechanisms that can enhance the informational role of ministerial bureaucracies in the process of policy formulation and development. In the absence of such restrictions, bureaucrats who seek to pursue a career in public administration will have less incentive to share their expertise with the government, to invest in the development of expertise, and, we might add, to enter the administration as a career civil servant in the first place. The reasons for this are that a bureaucrat will have to demonstrate some political commitment to the government's cause in order to gain promotion or to stay in the senior ranks. Even if bureaucrats are promoted on the basis of their performance, a future government will have difficulties trusting them because they owe their career progression to a previous government. As a consequence, a high degree of formal political discretion as well as the subsequent exercise of discretion can enhance trust between governments and bureaucrats. Nevertheless, it can also be expected that, in the long run, it will have negative repercussions for the expertise basis of the ministerial bureaucracy, for governments will almost inevitably have to work with inherited bureaucrats, especially below the very top ranks.

In fact, one of the major concerns of the public administration reform programme was the attempt to strengthen the professional capacity of the civil service. The then Government Commissioner for the Modernisation of Public Administration, Verebélyi, had also identified the politicisation of personnel policy as one of the major obstacles in the way of improving the expertise basis of the central government apparatus. However, the personnel policy approach of the MSZP suggests that a government formed by a communist successor party may perceive less of a need to establish restrictions upon the exercise of political discretion to enhance the informational role of the ministerial bureaucracy; at least for quite some time after the change of regime. Rather, as the former state party, a

communist successor party can typically rely on extensive networks of professionals from various sectors in society (Bozoki 1997). It may also have the luxury of at least partially substituting the loss of expertise within the ministerial bureaucracy by tapping the expertise of affiliated professionals, who may have even gathered experience in the administration before 1990.

Hungary's Third Civil Service Reform

Similar to the second reform, the third civil service reform of 2001 was part of a wider attempt to reform central government structures and operations. After taking office, the national-conservative government (1998–2002) led by Prime Minister Orbán from the Alliance of Young Democrats (Fidesz), reorganised the central government apparatus in order to enhance the coordination of the government (Ágh 2001). In this context, the new government advocated the establishment of a senior executive service as a separate elite corps of top civil servants under the leadership of the Prime Minister to enhance the policy making capacity of the central government and to better integrate government operations. However, the institutional templates considered during the reform preparations had no effect on the prerogatives of the government of the day to have a free hand in filling the senior ranks of the ministries; it was not seen as politically desirable to impose across-the-board restrictions upon the exercise of political discretion to recruit, appoint and transfer senior officials. The discussion therefore centred around the possibility to set up a body of super-bureaucrats whose appointment and transfer would be subject to the discretion of the government of the day. At the same time, in order to provide an incentive for high flyers to pursue a career in public administration, membership in the senior executive service would be restricted to candidates who had already gathered several years of experience in public administration, were selected on the basis of merit, and who enjoyed privileges such as considerably higher levels of remuneration and high levels of membership protection.

This solution would have contradicted the interests of the Fidesz, however, as well as those of the senior officials who had been recruited in the summer of 1998 and thereafter. First, the Orbán government had even less incentive to work with inherited senior bureaucrats when taking office in the summer of 1998 than the Horn government in 1994. The large majority of inherited senior officials had been recruited and/or promoted by the Horn government and many of them had already held senior positions before 1990 but not in the later Antall years. Moreover, the wholesale change of government in 1998, the continuous polarisation of inter-party competition and especially the radical anti-communist position of the governing parties reinforced the perception of the members of the Orbán

government that the Horn government was essentially a reincarnation of a pre-transition socialist government. As a result, the Orbán government initiated sweeping changes in the senior ranks of the ministerial bureaucracy and brought in trusted appointees from outside public administration. Fidesz in particular relied heavily on the recruitment of senior officials from its growing social network, many of whom were young, and hence fitted to the legacy of the Fidesz as a radical, anti-communist youth movement (Fricz 1999).

The 2001 reform did indeed lead to a fundamental reform of the Hungarian civil service, especially the remuneration system. The solution that was adopted for the senior executive service also incorporated higher levels of protection from political dismissal. However, the by-product of the Fidesz approach to personnel policy was the difficulty in reconciling its personnel policy strategy with the proposal to impose restrictions upon the exercise of political discretion over the recruitment of members of the senior executive service; this would have excluded most of the new appointees of the Orbán government from the senior executive service. The result was that an institutional solution was adopted in which the Prime Minister became virtually unconstrained in so far as the admission of members of the senior executive service was concerned. The possibility to admit officials to the senior executive service has therefore effectively become a new discretionary instrument at the disposal of the government, especially the Prime Minister, rather than a delineated bureaucratic career path that is at least partially de-politicised.

The third reform of the Hungarian civil service therefore suggests that the prospects of de-politicisation are not promising when, over time, the parties of the former democratic opposition form the government. In Hungary, the exercise of political discretion over personnel policy by successive governments reproduced severe problems of political trust in the relation between governments and senior bureaucrats from one election to another. Moreover, the case of the Orbán government suggests that the radical anti-communism of parties of the former democratic opposition reinforces problems of trust, in that governments formed by this type of party tend to associate virtually the entire ministerial bureaucracy with the communist past. Governments that are formed by parties of the former democratic opposition have therefore little incentive to recruit their senior officials from the ministerial bureaucracy, and tend instead to turn to their own, emerging social networks. Bearing in mind that the communist/anti-communist cleavage is one of two cleavages that have had most impact on the political dynamics in post-communist Europe (Elster *et al.* 1998; Kitschelt *et al.* 1999), the Hungarian case therefore suggests that it can hardly be expected that governments formed by parties of the former

democratic opposition will support civil service reform proposals implying a low degree of formal political discretion over personnel policy.²⁰

From this assessment of the Hungarian reforms we can conclude that the prospects of de-politicising post-communist civil services are not necessarily better at a later stage than they are directly after the change of regime. Instead, the context of post-communist transformation appears to lock in a pattern of civil service governance that is characterised by high levels of political discretion. At the same time, the discussions surrounding the third reform in Hungary and the attention paid to civil service reform by the new socialist-liberal government of 2002 indicate that post-communist governments are beginning to recognise that the continuous politicisation of personnel policy may have negative effects on the expertise basis of the ministerial bureaucracy, in particular below the very top ranks. The 2001 reform also demonstrates that governments are searching for creative solutions to enhance the informational role of the ministerial bureaucracy, while retaining the possibility to staff the bureaucracy with trusted appointees. The most recent major reform of the Hungarian civil service shows the difficulty in reconciling both of these goals, but it also suggests that the story of civil service reform in post-communist Europe has not yet come to an end. At first glance, this conclusion does not seem to square easily with the striking wave of civil service reforms that have been enacted in the region since the late 1990s, reforms that have been attributed to the prospect of accession to the European Union (Dimitrova 2003). The EU does not stipulate precise conditionality criteria in so far as the exercise of political discretion over personnel policy is concerned, however, and hence it remains to be seen to what extent these reforms have merely established a functional divide between politics and administration that is formalised in public law rather than actually limiting the possibilities for governments to exercise political discretion by intervening in personnel policy.

CONCLUSION

The context of post-communist transformation has not provided conditions that are particularly conducive for the establishment of de-politicised civil service systems. This conclusion contradicts the first generation of research on administrative developments in post-communist Europe, which expected a gradual Westernisation of public bureaucracies, including the emergence of professional, de-politicised civil services (Hesse 1993; Hesse and Goetz 1993/4). We have seen here that the change of regime did indeed alter the nature of personnel policy and civil service reform dynamics that prevailed during the communist regime. As has been argued above, however, the expectation that the transition to democracy-*plus*-market would lead to the

emergence of professional, de-politicised civil service systems shortly after the change of regime was reasonable only when the first post-communist government was formed by parties of the democratic opposition after a pacted transition, and only when the politicians committed to de-politicisation were able to overcome the veto power of potential reform opponents. Hungary and to a lesser extent Poland were the only countries in the region that came close to meeting these conditions, but ultimately neither of them succeeded in overcoming the obstacles to the rapid passage of civil service reforms that would have promoted the de-politicisation of personnel policy.

It has also been argued here that it is hard to expect that post-communist civil services would be gradually de-politicised. On the contrary, governments of neither the left nor the right can be assumed to have an incentive to offer major support to the de-politicisation of the civil service. The discussion of civil service reform and policy developments in Hungary has further suggested that the continuous exercise of political discretion over personnel policy has gradually shrunk the proportion of bureaucrats in the senior ranks of the ministerial bureaucracy who seek to pursue a career in public administration and who can otherwise be assumed to be natural promoters of a de-politicisation of personnel policy. Instead, the senior bureaucracy has come to be dominated by officials whose tenure is bound to that of alternating government and whose career interest in commuting between public administration, politics and the private sector contradicts efforts to de-politicise post-communist civil services. As a result, the post-communist transformation has locked in a pattern of civil service governance characterised by high levels of political discretion, in that the formal-legal frameworks governing administrative personnel in post-communist executives continue to provide governments and their ministers with a variety of discretionary instruments which they can and do use to politically determine the outcomes of personnel policy. In this sense, the characteristic features of post-communist civil service developments that have been identified by recent empirical research – such as reform delays, failures to implement legislation and the continuing politicisation of personnel policy – appear as an endemic rather than a transitional phenomenon in the context of post-communist transformation.

ACKNOWLEDGMENT

I am grateful to Dr Klaus H. Goetz and Dr Vesselin Dimitrov for their comments on an earlier draft of this article.

NOTES

1. When speaking about Central and Eastern Europe I limit myself to Hungary, Poland, the Czech Republic, Slovakia, Romania, Bulgaria, Estonia, Latvia, and Lithuania. Hence, I exclude the successor states of former Yugoslavia, Albania and the CIS. I use the terms 'Central and Eastern Europe' and 'post-communist Europe' interchangeably.
2. The other arenas are civil society, a political society, the rule of law and an economic society.
3. Exceptions may be policy areas such as fiscal and budgetary policy and European Union relations, which have been identified as emerging 'islands of excellence' in post-communist central executives (Ágh 2002; Goetz 2001).
4. The discussion in this article is based on an in-depth analysis of civil service reform and policy developments in post-communist Hungary and the study of secondary sources of the developments in other post-communist countries.
5. For a more extensive discussion of the theoretical framework in the first and the second part of this article, see Meyer-Sahling (2003). For a first version of the concept of formal political discretion, see Meyer-Sahling (2002).
6. Strom (2000) argues that systems of government usually classified as semi-presidential share features of parliamentary systems when analysed through the lens of agency theory, though they happen to have a powerful president. Therefore, the discussion in this article covers the semi-presidential systems of post-communist Europe under the general heading of parliamentary systems.
7. In general, political discretion may be exercised in the two personnel policy domains of allocating civil servants to the administrative organisation and determining their levels of remuneration. Both domains are central to the study of internal labour markets defined as 'an administrative unit ... within which the pricing and allocation of labour is governed by a set of administrative rules and procedures' (Doeringer and Priore 1971: 1–2), and both are distinguished in that they tend to require a residual decision maker (Milgrom and Roberts 1992: 330). In this context, the emphasis shall be placed on the domain of allocation, which includes decisions to recruit, appoint, promote, transfer, and dismiss civil servants.
8. Admittedly, the assumption of this approach does not explicitly take into account the insight of recent studies of West European core executives, which emphasise the importance of information and expertise in the area of political management or 'political craft' in the process of coordinating government policy (Hayward and Wright 2002; Goetz 1997; Peters *et al.* 1999). At the same time, the present approach does explicitly take into account that senior officials in ministerial bureaucracies tend to be much more concerned with the 'production of legislation' (Mayntz and Scharpf 1975) rather than its implementation as is commonly assumed by explanations that focus on politicians' problems of commitment towards constituent voters (e.g. Horn 1995).
9. The present approach seeks to take into account that ministers have to employ some reasonable criteria to assess the extent to which they believe they can trust inherited bureaucrats regardless of bureaucrats' true policy preferences because at the level of executive policy making a new minister may often be entirely uncertain about the policy preferences of bureaucrats in office. By contrast, in legislative settings, legislators usually belong to a faction of a parliamentary party and hence their policy preferences are common knowledge to all legislators.
10. This argument is adapted from Miller (1992) who essentially argues that leaders of hierarchical organisations need to establish institutional mechanisms, i.e. a 'constitution of the hierarchy', in order to elicit the cooperation of subordinates.
11. For instance, Csanádi (1997: 15) shows for the case of Hungary in the mid-1980s that 100% of the bureaucrats in the top three positions below the minister and 70–90% of the lower ranking managers in the ministerial hierarchy were party members.
12. For instance, in Hungary, the modernisation of the civil service became an important issue on the administrative reform agenda during the 1980s. However, civil service reform was primarily promoted by academics and the trade unions, while senior bureaucrats were among the opponents of reform (Meyer-Sahling 2001a).
13. These appointees can be assumed to have held technical expertise. At the same time, they

- lacked administrative expertise, which was included in the theoretical part as one of the determinants that turn bureaucrats in office into specialists relative to incoming governments.
14. This argument also implies that governments have no incentive to 'bind their successors' (Thatcher and Stone-Sweet 2002) when it comes to lowering the degree of formal political discretion after replacing inherited bureaucrats. The reason is that governments would forgo the possibility to enhance trust towards remaining, potentially mistrusted bureaucrats as long as they are in office.
 15. In Hood's (2001) words, the result of this scenario is a 'low trust poker game' between politicians and bureaucrats, in which both sides take the position that the other side is cheating.
 16. The Round Table Talks during Bulgaria's 'regime controlled transition' are of even less relevance in this scenario because the communist party won the first elections.
 17. It could also be argued that the Round Table Talks represented quasi-governing coalitions of the ruling Communist Party and parties of the democratic opposition formed across the centre of the emerging party systems. Hence, from a theoretical point of view, pacted transitions can also be understood as two partial changes of government from one party rule to the Round Table Talks and from the Round Table Talks to the investiture of the first democratically elected governments, which happened to be formed by parties of the democratic opposition. As a consequence, the incoming governments' problems of political trust can be regarded as much more moderate when compared to the second post-communist scenario.
 18. These insights originate from personal conversations with Radek Zubek from the London School of Economics, Department of Government.
 19. After approximately one year in office, the Antall government began to replace most of the first generation top officials who had effectively been inherited from the communist regime. By contrast, most of the second generation top officials had only been recruited by the Antall government into the administration in 1990 or thereafter.
 20. Elster *et al.* (1998: 249) refer to the second key cleavage as an identity cleavage that divides 'the population into members of the titular nation and religious, linguistic, and ethnic majorities of various kinds'. At the same time, they emphasise the weakness of the socio-economic class cleavage in post-communist Europe.

REFERENCES

- Ágh, Attila (1998). 'The Year of Early Consolidation', in Sándor Kurtán, Péter Sándor and László Vass (eds.), *Magyarország Politikai Évkönyve*. Budapest: Demokrácia Kutatások Magyar Központja Alapítvány, 16–33.
- Ágh, Attila (2001). 'Early Democratic Consolidation in Hungary and the Europeanisation of the Hungarian Polity', in Geoffrey Pridham and Attila Ágh (eds.), *Prospects of Democratic Consolidation in East-Central Europe*. Manchester: Manchester University Press, 157–79.
- Ágh, Attila (2002). *The Reform of State Administration in Hungary: The Capacity of Core Ministries to Manage the Europeanisation*. Paper presented at the ECPR Joint Meeting, March 2002. Turin.
- Amsden, Alice H., Jacek Kochanowicz and Lance Taylor (1994). *The Market Meets its Match: Restructuring the Economies of Eastern Europe*. Cambridge, MA: Harvard University Press.
- Balázs, István (1993). 'Creation of the Personal Conditions of the New Machinery of Public Administration', in Tamás M. Horváth (ed.), *Public Administration in Hungary*. Budapest: Hungarian Institute of Public Administration, 54–67.
- Bartlett, David L. (1997). *The Political Economy of Dual Transformations: Market Reform and Democratisation in Hungary*. Ann Arbor: University of Michigan Press.
- Bossaert, Danielle, and Christoph Demmke (2003). *Civil Services in the Accession States: New Trends and the Impact of the Integration Process*. Maastricht: European Institute of Public Administration.
- Bozhidarova, Vessela, Vesselina Kolcheva and Rumiana Velinova (1999). *Politico-Administrative Relations in Bulgaria at Central Government Level*. Paper presented at the NISPAcee Annual Conference, March 1999. Sofia.

- Bozóki, András (1997). 'The Ideology of Modernisation and the Policy of Materialism: The Day after the Socialists', *Journal of Communist Studies and Transition Politics*, 13:3, 56–102.
- Colomer, Josep M. (1995). 'Strategies and Outcomes in Eastern Europe', *Journal of Democracy*, 6:2, 74–85.
- Colomer, Josep M., and Margot Pascual (1994). 'The Polish Games of Transition', *Communist and Post-Communist Studies*, 27:3, 275–94.
- Csanádi, Mária (1997). *Party States and their Legacies in Post-communist Transformation*. Cheltenham: Edward Elgar.
- Dimitrova, Antoaneta (2003). 'Enlargement, Institution-Building, and the EU's Administrative Capacity Requirement', *West European Politics*, 25:4, 171–90.
- Doeringer, Peter B., and Michael J. Piore (1971). *Internal Labour Markets and Manpower Analysis*. Lexington: Heath Lexington Books.
- Dunleavy, Patrick (1991). *Democracy, Bureaucracy and Public Choice: Economic Explanations in Political Science*. London: Harvester.
- Elster, Jon, Claus Offe and Ulrick K. Preuss (1998). *Institutional Design in Post-Communist Societies: Rebuilding the Ship at Sea*. Cambridge: Cambridge University Press.
- Epstein, David, and Sharyn O'Halloran (1999). *Delegating Powers: A Transaction Cost Politics Approach to Policy Making under Separate Powers*. Cambridge: Cambridge University Press.
- Evans, Peter B. (1995). *Embedded Autonomy: States and Industrial Transformation*. Princeton, NJ: Princeton University Press.
- Fricz, Tamás (1999). 'Democratisation, the Party System and the Electorate in Hungary', in Mária Schmidt and László Gy. Tóth (eds.), *Transition with Contradictions: The Case of Hungary 1990–1998*. Budapest: Kairosz Publishing, 93–124.
- Gilligan, Thomas, and Keith Krehbiel (1987). 'Collective Decision-Making and Standing Committees: An Informational Rationale for Restrictive Amendment Procedures', *Journal of Law, Economics and Organisation*, 3, 287–335.
- Goetz, Klaus H. (1997). 'Acquiring Political Craft: Training Grounds for Top Officials in the German Core Executive', *Public Administration*, 75, 753–75.
- Goetz, Klaus H. (2001). 'Making Sense of Post-communist Central Administration: Modernisation, Europeanization or Latinization?', *Journal of European Public Policy*, 8:6, 1032–51.
- Goetz, Klaus H., and Hellmut Wollmann (2001). 'Governmentalizing Central Executives in Post-communist Europe: A Four-Country Comparison', *Journal of European Public Policy*, 8:6, 864–87.
- Hammond, Thomas H. (1986). 'Agenda Control, Organisational Structure, and Bureaucratic Politics', *American Journal of Political Science*, 30, 379–420.
- Hammond, Thomas H. (1996). 'Formal Theory and the Institutions of Governance', *Governance*, 9:2, 107–85.
- Hayward, Jack, and Vincent Wright (2002). *Governing from the Centre: Core Executive Co-ordination in France*. Oxford: Oxford University Press.
- Hesse, Joachim Jens, and Klaus H. Goetz (1993/94). 'Public Sector Reform in Central and Eastern Europe I: The Case of Poland', *Jahrbuch zur Staats- und Verwaltungswissenschaft*, 6, 237–82.
- Hesse, Joachim Jens (1993). 'From Transition to Modernisation: Administrative Change in Central and Eastern Europe', *Public Administration*, 71, 219–57.
- Hood, Christopher (2001). 'Public Service Bargains and Public Service Reform', in B. Guy Peters and Jon Pierre (eds.), *Politicians, Bureaucrats and Administrative Reform*. London: Routledge, 11–23.
- Horn, Murray (1995). *The Political Economy of Public Administration*. Cambridge: Cambridge University Press.
- Huber, John, and Charles Shipan (2002). *Deliberate Discretion: Institutional Foundations of Bureaucratic Autonomy in Modern Democracies*. Cambridge: Cambridge University Press.
- Kitschelt, Herbert et al. (1999). *Post-Communist Party Systems: Competition, Representation, and Inter-Party Cooperation*. Cambridge: Cambridge University Press.
- König, Klaus (1992). 'The Transformation of a "Real Socialist" Administrative System into a

- Conventional West European System, *International Review of Administrative Sciences*, 58, 147–61.
- König, Klaus (1999). *Verwaltungsstaat im Übergang: Transformation, Entwicklung, Modernisierung*. Baden-Baden: Nomos.
- Kornai, János (1992). *The Socialist System: The Political Economy of Communism*. Princeton, NJ: Princeton University Press and Oxford: Clarendon Press.
- Krehbiel, Keith (1991). *Information and Legislative Organisation*. Ann Arbor: University of Michigan Press.
- Linz, Juan, and Alfred Stepan (1996). *Problems of Democratic Transition and Consolidation: Southern Europe, South America and Post-Communist Europe*. Baltimore: The John Hopkins University Press.
- Mayntz, Renate and Fritz W. Scharpf (1975). *Policy-making in the German Federal Bureaucracy*. Amsterdam: Elsevier.
- Merkel, Wolfgang (1999). *Systemtransformation: Eine Einführung in die Theorie and Empirie der Transformationsforschung*. Opladen: Leske+Budrich.
- Meyer-Sahling, Jan-Hinrik (2001a). 'Getting on Track: Civil Service Reform in Post-communist Hungary', *Journal of European Public Policy*, 8:6, 960–79.
- Meyer-Sahling, Jan-Hinrik (2001b). 'Methodological Frameworks for the Study of Politico-administrative Relations and their Applicability in Post-communist Settings', in Tony Verheijen (ed.), *Politico-Administrative Relations: Who Rules?* Bratislava: NISPAcee, 45–63.
- Meyer-Sahling, Jan-Hinrik (2002). *Personnel Policy Regimes, Political Discretion and Civil Service Reform in Central and Eastern Europe*. Paper presented at ECPR Joint Session, Turin, March, 2002.
- Meyer-Sahling, Jan-Hinrik (2003). 'Governance by Discretion: Civil Service Reform in Post-communist Hungary'. LSE: Ph.D. thesis.
- Milgrom, Paul, and John Roberts (1992). *Economics, Organisation and Management*. Englewood Cliffs, NJ: Prentice-Hall.
- Miller, Gary (1992). *Managerial Dilemmas: The Political Economy of Hierarchy*. Cambridge: Cambridge University Press.
- Moe, Terry M. (1984). 'The New Economics of Organisation', *American Journal of Political Science*, 28, 739–77.
- Nelson, Joan M., ed. (1994). *Intricate Links: Democratisation and Market Reforms in Latin America and Eastern Europe*. New Brunswick: Transaction Publishers.
- Nunberg, Barbara (2000). *Ready for Europe: Public Administration Reform and European Union Accession in Central and Eastern Europe*. Washington, DC: The World Bank Technical Paper No. 466.
- Nunberg, Barbara, ed. (1999). *The State After Communism: Administrative Transitions in Central and Eastern Europe*. Washington, DC: The World Bank.
- Offe, Claus (1991). Capitalism by Democratic Design? Democratic Theory Facing the Triple Transition in East Central Europe. *Social Research*, 58:4, 865–92.
- Offe, Claus (1995). 'Designing Institutions in Central and Eastern Europe', in Robert E. Goodin (ed.), *The Theory of Institutional Design*. Cambridge, Cambridge University Press, 199–226.
- Page, Edward C., and Vincent Wright (1999). 'Conclusion: Senior Officials in Western Europe', in idem (eds.), *Bureaucratic Elites in Western European States*. Oxford: Oxford University Press, 266–79.
- Peters, B. Guy, R.A.W. Rhodes and Vincent Wright, eds. (1999). *Administering the Summit: Administration of the Core Executive in Developed Countries*. Basingstoke: Macmillan and New York: St. Martin's Press.
- Pollack, Mark (2002). 'Learning from the Americanists (Again): Theory and Method in the Study of Delegation', *West European Politics*, 25:1, 200–219.
- Strom, Kaare (2000). 'Delegation and Accountability in Parliamentary Democracies', *European Journal of Political Research*, 37:3, 261–89.
- Vanagunas, Stanley (1999). 'The Civil Service Reform in the Baltics', in Tony Verheijen (ed.), *Civil Service Systems in Central and Eastern Europe*. Cheltenham: Edward Elgar, 213–34.
- Verheijen, Tony, and Aleksandra Rabrenovic (2001). 'The Evolution of Politico-administrative

- Relations in Post-communist States: Main Directions', in Tony Verheijen (ed.), *Politico-Administrative Relations: Who Rules?* Bratislava: NISPAcee, 410–26.
- Verheijen, Tony (1999). 'The Civil Service System of Bulgaria: Hope on the Horizon', in idem (ed.), *Civil Service Systems in Central and Eastern Europe*. Cheltenham: Edward Elgar, 92–130.
- Verheijen, Tony (2000). *Administrative Capacity Development: A Race Against Time?*. The Hague: Scientific Council for Government Policy, Working Documents No. 107.
- Vidláková, Olga (2001). 'Politico-administrative Relations in the Czech Republic', in Tony Verheijen (ed.), *Politico-administrative Relations: Who Rules?* Bratislava: NISPAcee, 86–108.
- Weber, Max (1980). *Wirtschaft und Gesellschaft: Grundriss der Verstehenden Soziologie*. 5th edn. ed. by Johannes Winkelmann. Tübingen: J.C.B. Mohr (Paul Siebeck).
- Wiatr, Jerzy J. (1996). 'Dilemmas of Reorganising the Bureaucracy in Poland during Democratic Transformation', in Haile K. Asmerom, and Elisa P. Reis (eds.), *Democratization and Bureaucratic Neutrality*. London: Macmillan, 144–54.
- Wiesenthal, Helmut (1996). *Contingencies of Institutional Reform: Reflections on Rule Change, Collective Actors, and Political Governance in Post-Socialist Democracies*. Berlin: Max-Planck Gesellschaft, Arbeitspapiere AG TRAP 96/10.