

Administrative Reform in Developing Nations

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Editor

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To my son, Cyrus

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Preface

As a worldwide phenomenon, administrative reform has been a widespread challenge to almost all national and sub-national governments around the globe. Unlike the reform movements of the earlier decades of the twentieth century, which emphasized institution building, bureaucratization, nationalization, and a wide variety of organizational and administrative capacity building for national and economic development, the recent global phenomenon of administrative reform has been in the opposite direction: reversing the traditional role of government, the state, and public administration institutions into one that promotes a private, corporate-driven marketplace dominated by business elites.

Privatization, commercialization, marketization, and contracting out, together with a number of institutional changes, promote this new ideological trend on a global scale. Under the direct influence of globally dominant superpowers such as the United States and other Western donors, the World Bank, the International Monetary Fund, and the World Trade Organization have forced almost all less developed nations to structurally adjust their governments and administrative systems to these new global trends that promote globalization and enhance the power and profit of globalizing corporate elites.

In this context of globalizing pressure, governments of both industrialized and less developed nations have engaged in extensive administrative reforms and reorganizations to streamline their public sectors by shrinking their size, function, and activities, which for decades have benefited common citizens everywhere. The need to reform traditional governmental organization and administration is no secret to anyone, and reform is always essential to improve administrative machineries, to reduce or eliminate duplication and waste, and to increase productivity in public sector management. However, the big push originating from the United States and Britain in the 1980s to privatize, marketize,

commercialize, and contract out the public sector functions has been driven by ideological as well as economic underpinnings of the marketplace as a supreme institution in running the economy and society.

Adoption of the private market efficiency dictum since the 1980s has been the gospel slogan of corporate reformers who lead government policy agendas around the world. The 1990s witnessed an even more profound and more comprehensive spectrum of such reform ideas. However, many countries, notably the Latin American and some Asian nations, are realizing the fallacies of the pure marketplace ideology and the private sector efficiency model in public administration, and are now adopting a balanced approach to administrative reform in governance. The central issues of equity, fairness, and market failure are resurfacing as government after government realizes that the lives of the majority, the ordinary citizens, cannot be ignored in favor of the few, the powerful particularistic interest group elites.

Therefore, despite the growth of the “new public management” modeled after the private sector corporate management ideology, a more balanced trend of administrative reform is gradually emerging that reflects prudence and pragmatic approaches to government administration that must serve the broad-based public interests in nations.

This book was born over 10 years ago out of concern over the changing nature of administrative reform in the environment of global structural adjustment policy. Regardless of the ideology behind the policy, administrative reform is a complex issue. Its conception and development as a policy is perhaps easier to articulate than its implementation. Monumental problems challenge the viability of any reform, even if it is well conceived and backed by genuineness and legitimacy.

This book presents original materials on administrative reform in different nations around the world, with an introduction that sets a theoretical framework within which each chapter can be related and appreciated. Publication of the book is long overdue, as the initial idea was conceived several years ago. Experts from around the world present valuable information that contributes to our knowledge of administrative reform in a globalizing and rapidly changing society. Hopefully, this will fill a gap in our knowledge of reform, reorganization, revolution, governance, and public administration.

This book could not have been completed without the cooperation of the contributors who represent countries on three continents. They were unflinchingly cooperative, responding to my request for meeting deadlines, as well as revising and making changes in their manuscripts. While this was time consuming for them, they always cooperated in spite of their busy schedules. I am grateful to them all for their patience and support.

I would also like to thank Greenwood Press and its key individuals, particularly Cynthia Harris, who helped get this book published; her instrumental role is greatly appreciated. Finally, my former graduate students, Leslie Taylor, a doctoral student, and Jack Pinkowski, now Dr. Pinkowski, helped me with final touches of the entire manuscript. I appreciate their assistance.

Chapter 1

Administrative Reform and Development: An Introduction

Ali Farazmand

INTRODUCTION

Administrative reform has been one of the most recurrent activities of governments the world over. It has been accentuated by the severity of the problems faced by the less developed nations. Most of these nations inherited a colonial legacy with significant dependency on colonial powers of the West, and their administrative systems suffer profound deficiencies. However, not all developing nations can be categorized in this way. Many of them went through major transformations after their independence. Some of them have achieved significant development with marked effectiveness; others have lagged behind and remain dependent on Western assistance.

Development administration has therefore suffered from the chronic ailments of dependency, instability, and policy confusion. To reform and reorganize their administrative systems for both development and service delivery, many less developed nations need to break the chains of dependency on exogenous determinants, establish a stable political system that can sustain the courses of reform, and formulate clear policies that will steer actions toward desired goals. Meeting these challenges is a formidable task, for most less developed countries lack the infrastructure to embark on policies and programs that would meet this end. Consequently, manipulation by international powers is an endemic problem facing most Third World countries.

Reform and reorganization efforts are often conceived for the purely political motives of mobilizing for national independence, anti-corruption, elite consolidation, economic market expansion, extraction of cheap labor for global factories, accommodation of foreign interests, and enrichment of power elites both civilian and military. The last-named is often pursued at the expense of the

masses and results in major corruption in the administrative system at all levels. Corruption is often functional by design to promote the anomalies of administrative reforms. Therefore, reforming the administrative system alone becomes a futile exercise when the legitimacy and credibility of the whole system are in question in the public's eyes. Similarly, resistance to reform-induced changes in the bureaucracy likely mounts as long as the fundamental changes are not taken in the structure of that power that perpetuates itself. In fact, success of reform is directly related to regime legitimacy and the popular perception of the genuineness of any reform from above (see Farazmand, 1989, 1998a). This is one of the fundamental reasons why most administrative reforms and reorganizations fail in both industrialized and developing nations.

Another problem associated with the failure of administrative reform is the confusion over the meaning of the term *reform*. Administrative reform means different things to different nations with different political systems. In most industrialized nations, it generally means "a process of changes in the administrative structures or procedures within the public services because they have become out of line with the expectations of the social and political environment" (Chapman and Greenway, 1984). In developing nations, administrative reform often is referred to as modernization and change in society to effect social and economic transformation (see Farazmand, 1999a). Moreover, there is a lack of consensus on the meaning of administrative reform within a single country with an established tradition of good reforms. The term means one thing to politicians and another to administrators, academic scholars, and functionally specialized personnel. Confusion also develops over the use of such interchangeable terms as change, modernization, development, and evolution with reform. Any attempt to effect administrative reform must also take into account the relationship between local and central administrations; the social, political, and economic forces of society; and the interaction between ideas or concepts and practical necessities developed over time. The gap between ideals and realities may grow over time if administrative reform is not taken seriously, despite the fact that other problems may still pose obstacles to its success. The gap must be mitigated by both legitimacy and performance (Farazmand, 1998b, 1999a).

What follows is first an outline of some theoretical perspectives on administrative reform and reorganization. Then, reform and development is discussed, followed by a highlight of major trends in administrative reform worldwide. Finally, a plan of the book is presented, introducing the chapters on administrative reform in different countries. It is hoped that publication of this volume will shed light on the phenomenon of administrative reform in developing countries with lessons to be learned for future policy actions. Administrative reform is an essential function of public administration and governance in developing countries because of the acute problems that most of these nations and their governments face on a daily basis. Building an administrative infrastructure capable of managing the task of development administration is an imperative for these nations.

THEORETICAL ANALYSIS OF REFORM AND REORGANIZATION

Theoretically, several perspectives may be identified to explain administrative reform. These perspectives reflect a body of knowledge in organization theory with various schools of thought for collective action. They range from classical, formal theories of organization, reorganization, and change and development to contemporary market theory, as well as the newest organizational elite theory that calls for fundamental change and reform in the structure and process of administrative systems. Discussion of chaos theory is not presented here.

Guy Peters (1994) classifies most of this theoretical literature into three broad perspectives on administrative reform and reorganization—purposive (top-down) models, environmental (bottom-up) models, and institutional models. These models are useful in explaining and understanding the approaches and motives of reforms and reorganizations undertaken by modern governments. They also provide conceptual frameworks for analysis of organization and reorganization of modern governance and public administration. Finally, they help explain the relationship between reform and revolution in contemporary political and administrative systems.

While any of these models may apply in particular situations, governments may also use a combination of the three. It is important to make some distinction between reorganization—structural changes—and reform—changes in procedures, processes, and relations within and among government administration (Peters, 1994). This useful distinction may appear superficial, however, for the motivation and objectives of reforms and reorganizations are often identical. Therefore, for the purpose of this chapter, we will to a great extent deal with them as being synonymous.

Top-Down Models

The first set of theoretical models—a top-down model of government reform—is broadly purposive and top-down in its perspective on the process. This set of models assumes that certain actors—elites, powerful individuals, or authorities—have particular purposes in mind in the pursuit of reform and reorganization. These models assume that political leaders perceive problems or develop innovative ideas by reforming and reorganizing the public sector. One of these models is the *administration as usual*, which is commonly used in the real world of public administration, where perceived needs for reform and reorganization are determined at the top. According to Pollitt (1984), this approach is a “traditional, pragmatic” approach to the machinery of government and to changes in that machinery. Case studies in Britain (Chester and Wilson, 1968) refer to the “need” perceived by political elites to make changes in the administrative machinery of government (Peters, 1994). The cases in the United States

and elsewhere are cited as having the same characteristic of reform and reorganization (Caiden, 1970, 1984; Seidman and Gilmour, 1986).

The *political science approach* is the second category within the top-down models. Here, political reasons of “ungovernability,” government “overload,” and similar rationales are considered rationales of changes in government that affect public administration (see Pollitt, 1984; Rose and Peters, 1978; Snellen, 1985). Consequently, management cutbacks, privatization, and downsizing are commonly used terms applied by the purposive, top-down models. Although these models are helpful, they assume that the leading actors in the process are “central to identification, selection, and implementation of administrative changes” (Peters, 1994: 112). A major drawback of these models is that they are highly elitist in their approach to reform and reorganization, giving ordinary citizens and rank-and-file organizational members of governments little say in the process. The whole idea of reform can be totally dictated downward.

Bottom-Up, Environmentally Conditioning Models

These models are considered bottom-up approaches to administrative reorganization and reform. They assume that governments and their administrative systems—structures—have to adapt to the environmental conditions that tend to dictate changes in the structure. The environment may be economic, political, cultural, or social, but the underlying logic of these approaches is very similar. Structure must adapt to environment to survive and continue its existence, as well as to develop patterns of organizations that are functional for the fulfillment of their collective goals.

In the *political science and public administration approaches* to this set of models, governments and political/administrative elites detect innovations or pressures in the environment that require government response. Consequently, structures—administrative state or a particular organization of public administration—react by adopting changes through reform and reorganizations to adapt to the environment. Systems theory provides a clear theoretical explanation for this set of models. One problem associated with these models is that they do not indicate when and how changes in the environment signal administrative adaptation.

Contingency approaches are the most familiar of the environmentally determined approaches (Lawrence and Lorsch, 1969). Systems theory in general, and its variant contingency theory, provide the best literature for explaining this set of models. The logic of this approach is the internal organizational reflection—both structurally and behaviorally—of environmental conditions that influence public administration. On the negative side, these approaches are poor predictors of organizational structure and behavior, and they assume that governments and their organizations are unable to change their environmental conditions for their purposes.

Other models, such as *population ecology approaches*, also tend to explain

the relationship between organizations and their environment by looking at two different sets of environments that organizations must adapt: (1) the ecology of organizations—that is, the population of organizations to which a particular organization belongs (Aldrich, 1979; Carroll, 1984); and (2) the broader general environment in which all other organizations operate. To survive, all organizations experience birth, death, and survival, and organizations must maintain the equilibrium of their “ecosystems.” Organizations must find niches in their environments and survive, as competing forces of the ecological environment determine their existence (Farazmand, 1994). Although ecological models are not often applied in public sector reorganization and reform, they are useful in that they give us an understanding of the evolution and sustainability of certain organizations in the environment, and how some sectoral government organizations always try to find niches in the environment for their growth and development.

Institutional Models

The institutional models represent a separate group of approaches to reorganization and reform. In addition, they are both a reaction to the earlier behavioral theories of organization and reorganization and a response to the inadequacy of the other models. This is particularly evident in the increasing interest in the “new institutionalism” movement in which organizational changes must take place through changes and modifications of internal organizational values and culture, as well as structure. Rather than viewing organizational changes as emanating from individual organizational/political leaders under purposive models or responding to the environmental dictates, the institutional models focus on the need to modify collective values, culture, and structure to make the organization adaptive and dynamic (March and Olsen, 1984; Farazmand, 1997a).

Culture is a concept, but so is the adaptability and institutionalization of values and cultures obtained from environment on the one hand, and the institutionalization of the environment by organizational values and cultures on the other. This mutual adjustment is a key characteristic of the institutional models of organizational changes and development, and therefore to reorganization and reform of public administration. Thus, as much as they represent the search for efficient administration and management, a government’s administrative institutions—the bureaucracy and its values—represent important social and political values. Reform and reorganizations are more political and carry more significant values than is often perceived (Peters, 1994).

This brief explanation is helpful in understanding and explaining government reforms, including, for example, the Iranian administrative reform and reorganizations under the late Shah and the subsequent revolution of 1978–1979 which overthrew the Pahlavi regime. These models are also useful in drawing theoretical conclusions as to why some administrative reforms fail while others are successful, and yet the appearance of some successful reforms may have unin-

tended negative consequences for the regimes in power. This relevance does not necessarily mean that all reforms are doomed to failure. Various factors are involved in the outcomes of reforms. As we will see, Iran's reforms under the Shah involved a top-down, purposive approach utilizing a one-dimensional aspect of the institutional model; it was not a reciprocal or mutually adaptive approach. The bottom-up approach was initially and partially applied, but then was quickly reversed. These contradictions made the reforms and reorganizations meaningless and proved more destructive for the regime than anticipated. Similar observations can be made of many developing nations.

REFORM AND DEVELOPMENT

Reorganization and reform are essential requirements for successful implementation of development policies and programs in less industrialized countries. The development process dictates flexibility, creativity, and innovation in administrative systems. Very often, the rigidly structured administrative systems are ill-suited for carrying out massive developmental programs. Reforming and reorganizing such systems become imperative if any genuine results are expected from any developmental efforts. Therefore, reorganization and reform are very functional to successful development around the world.

Reform and reorganization in developing countries may involve a number of structural and process changes and improvements. They may include sectoral structures and processes such as personnel systems by building the technical, professional, and administrative management capacity. Institutional capacity building is also essential for developing organizational incentives, decision-making flexibility, implementation processes, and other organizational changes that will promote both personal and organizational capabilities for national development. Adaptability is key to any reform and reorganizational plan in which contingencies must be embedded in the process of organizational change and administrative action. Another necessary change and reform is the genuine support of the political leadership for administrative reform, for without the top support no reform can succeed. Reorganization in development means provision of key structural arrangements to facilitate administrative engagement in development programs. Reform means significant process changes by which implementation as well as policy development contribute to efficient and effective national development.

Political and administrative elites—and the business elites/invisible hands—often pursue administrative reform and reorganization using the top-down, purposive models. Generally, both ordinary people and active members of the institutions of governance and administration have little or no say in the reform process. Such measures are dictated to organizational members, and implementation is required. Consequently, resistance may develop for a variety of reasons: inadequate resources, conflict of interests, lack of adequate skills and training programs, threat of the unknown, fear of possible loss of job or privileges, and

popular perception of corruption within elite power structures. Such obstacles, as well as political instability, impair reform implementation, resulting in its failure.

TRENDS IN ADMINISTRATIVE REFORM AND REORGANIZATION

Several reform movements emerged in the second half of the twentieth century. First came the post-war orientation of administrative capacity building that served the political ends of anti-communist, anti-Soviet, and anti-labor movements suspected of supporting world socialism. Administrative systems were built in less developed nations associated with the Western powers and world capitalism. The key characteristics of this period of reform included extensive development of security and police forces, managerial training for capitalist development, and bureaucratization for political control as well as policy implementation. These reform orientations were geared to the goals of the Cold War era.

Second, the period of institution building in the 1960s provided a major impetus for bureaucratizing societies in less developed nations under Western influence. Bureaucratization, along with selective land and other agrarian reforms, prevented a peasant-based revolution by establishing state control over both rural and urban areas in developing nations. Bureaucratization was adopted as a means of implementing national policy and curtailing the power of local feudal lords and big landowners, though the landed power structure remained intact. In fact, its power was transformed from an agrarian to an urban base, thereby giving the centralized state room for maneuver.

Third, in the 1970s the state was further enhanced through administrative reform which facilitated the process of globalization. The major nationalization policies begun in the previous decade continued during these years. Further development of the welfare state was another major feature of this period, which resulted in the expansion of the public sector and its activities.

Fourth, the 1980s marked the beginning of an era of administrative reform with an opposite direction: privatization, commercialization, and marketization, government retrenchment (Peters, 1991), and debureaucratization (Caiden, 1991) now replaced the earlier trends of nationalization and public sector development. Downsizing, public sector retrenchment, and other policies emanated from the global sources of capitalist power, led by the United States and Britain. This was the era of rapid globalization of capital and expansion of market at the expense of the public sector. Since the 1980s, administrative reforms across the globe have led to privatization and cutbacks in governmental expenditures and activities. The fall of the Soviet Union has further accelerated the pace of globalization of capital. Most governments in the developing world have been pressured by the globalizing states and transworld corporations to promote such globalization.

Supragovernmental international organizations such as the World Bank, the International Monetary Fund, and the World Trade Organization have been instrumental in enforcing the dominant role of globalizing states and transnational corporations around the world. Structural adjustment and privatization have been the key strategies to promote globalization of capitalism and surplus accumulation of capital (Farazmand, 1998a). Consequently, the welfare state has been dismantled in favor of corporate globalization, with massive displacement effects for labor and the peasantry all over the world. While globalizing corporations have amassed wealth and power over almost all less developed nations, the peoples in the latter nations have been forced into a “race to the bottom” (Korten, 1995; Farazmand, 1999b).

Fifth, administrative reform efforts in the 1990s have further enhanced the market-based philosophy of private sector managerialism and administration of the corporate state function. Public administration has been reoriented, going from a public service to a security-corporate emphasis. The new corporate administrative state has replaced the former welfare administrative state, and public administration is being transformed into administration of the public for social control because marketization and privatization create chaos and social disorder, which are not conducive to corporate market sector demanding order and stability. As a result, an expanded military, security, and police role has come to characterize the new corporate administrative state and public administration in both industrialized and developing nations (see Farazmand, 1997b, and Davey, 1995 for details).

This structural development has many manifestations in advanced industrialized nations such as the United States and Britain. Expanded budget expenditures for more prisons, larger police forces, and more equipment in the name of crime prevention, deregulation, corporate subsidies, and military-oriented investments are a few examples. A “new social contract” has emerged from the welfare state to the police state (Davey, 1995), and the welfare administrative state has been replaced by the coercive corporate administrative state. The result is administration of the “public” in place of public administration (Farazmand, 1997b). Corporate elites dominate both public and private sectors in the globalization era, and the role of the dominant states is to enhance opportunities for further accumulation of surplus capital. In this era of globalization and privatization, corruption has been mounting at the highest levels of government across the globe, therefore, sounding the alarm of accountability and ethical problems in politics and administration everywhere (Farazmand, 1997a). The new surge of concern for accountability in public service and administration is a worldwide phenomenon attracting the attention of governments, scholars, and policy developers alike.

The final administrative reform trend is the emerging orientation whereby administrative reform is modifying the excesses of managerialism and market-based reforms. The Latin American countries quickly discovered that private sector, market-based managerialism was a failure because of immense social

consequences and that the balance must be maintained between corporate managerialism and concerns for the environment, social equity, and fairness in income distribution. A growing number of governments in developing nations are voicing a similar concern. The dialectical pressure from below is emerging against the dominant globalizing corporations that tend to pillage the global village (Brecher and Costello, 1994). The movement against globalization is growing and will likely have some effect against the global pillage.

PLAN OF THE BOOK

This book is divided into four parts and 14 chapters, including this introductory chapter, followed by an index and a list of contributors. Part I covers six chapters and describes major administrative experiences in Asia. In Chapter 2, Jong-Hae Yoo presents a stimulating analysis of innovations, administrative reform, and local government autonomy in South Korea. Krishna K. Tummala's chapter (Chapter 3) provides an insightful analysis of major efforts to reform the administrative system in modern India. In Chapter 4, Habib Zafarullah analyzes the issue of administrative reform as an unfinished agenda and as a continuing challenge in Bangladesh. In a related context, Mohammad Mohabbat Khan's chapter (Chapter 5) discusses the problem of resistance to administrative reform in the South East Asian countries' bureaucracies, with recommendations for policy consideration. In Chapter 6, Ahmed Shafiqul Huque discusses significant changes in the administrative systems of Hong Kong, with updated information on the joining of the island to Mainland China. In Chapter 7, Peter Koehn discusses administrative reform in China, with a focus on the reformist orientations among the middle management in Shanghai, one of the giant cities of Asia.

In Part II, three chapters cover the issues of administrative reform, reorganization, and revolution in the Near/Middle East. In Chapter 8, Ali Farazmand presents a theoretical and empirical analysis of the relationship between reorganization (structural changes), reform (process changes), and revolution in Iran's contemporary political and administrative systems. This is done through a comparison of the Pahlavi regime under the late Shah and the post-revolutionary government of the Islamic Republic. The impact of the revolution on the bureaucracy and administrative system is analyzed, with implications for theory and practice of bureaucracy. Chapter 9, by A. Ümit Berkman and Metin Heper, describes administrative reform in Turkey in recent decades. This is followed by Jamil E. Jreisat's chapter (Chapter 10), which presents predicaments on administrative reform in the Arab States.

Part III contains two chapters on administrative reform in Africa. Chapter 11, by Victor G. Hilliard, analyzes the role of human resources management in South Africa's public service reform. In a similar context, Hope Sadza (in Chapter 12) discusses civil service reform in Zimbabwe, with a critique of that country's management and administration of reform programs.

Part IV consists of two chapters on Eastern and Southern Europe, with a comparative touch on some Asian countries. In Chapter 13, Terry F. Buss discusses the Hungarian local government transition from communism to capitalism. Finally, Chapter 14, by Constantine P. Danopoulos, Dongsung Kong, and Ronald D. Sylvia, presents a comparative analysis of administrative reform difficulties and the role of religion in Greece, South Korea, and Thailand.

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Part I

Administrative Reform in Asia

Chapter 2

Innovations for Administrative Reforms in Korea: A Case of the Local Autonomy System

Jong-Hae Yoo

INTRODUCTION

The local autonomy system was initiated in 1952. After operating for nine years, it was suspended by the military regime of Park Chung-Hee. The local autonomy system can be considered as a means to catalyze balanced national development, maximize citizen participation, and increase the government's responsiveness and accountability to its citizens.

But in Korea from the 1960s through the 1980s, the government, in its attempt to promote economic development and efficiency through central planning, deemphasized the development of local government and the democratic political process at the sub-national level. In 1987, however, the year prior to the Seoul Olympics, the government led by President Ro Tae-Woo acknowledged the importance of local government to the democratic process and reinstated the local autonomy system throughout the country.

This chapter reviews economic development in Korea from the 1960s through the 1980s, as well as the social development of the 1980s, which necessitated the reintroduction of the local autonomy system. This chapter also situates the development of the local autonomy system in the political and social context of the last four decades. The second section of the chapter discusses the evolution of the local autonomy system as it is managed throughout several different political regimes. The third section reviews the current status of the local autonomy system, and the final section evaluates the future of the system as Korea enters the third millennium.

Korea has experienced four decades of rapid economic development and industrialization, during which its per capita GNP increased from \$80 in 1960 to \$3000 in 1987 and \$10,000 in 1996. The stages of this growth can be divided

into three periods: (1) the period beginning with the establishment of the Korean government in 1948 and up through the 1950s, that is, the stage of nation-building; (2) the period of the 1960s and 1970s, which is called the stage of economic takeoff and construction of the national economy; and (3) the period of the 1980s and 1990s, which may be regarded as the stage of the welfare state for equitable distribution of income and greater participation by the people.

During the stages of nation-building and economic takeoff, a powerful centralized government and its bureaucratic administration functioned as the most appropriate apparatus in guiding economic planning and implementation of developmental policies. In these stages, a significant number of local developmental projects were planned and managed by central officials and planners within the context of national economic and social development plans. Critical resources were also mobilized and allocated primarily by the central government through the guidance of its formalized administration.

Since the 1980s, however, significant changes have taken place in Korean society, especially a wave of major social changes, such as the higher education level of the general public, the increase of income levels, and the greater demand for a higher quality of life. This has had a great impact on people's political expectations. Moreover, there is a new distrust of and resistance to the excessive centralization of government power.

These factors have enabled the people to ask for greater opportunities to participate in decision-making processes and thus have facilitated decentralization of power at the local level. These demands for decentralization must be interpreted in connection with the strong and sincere desire of the people at all levels of society for both "democratization" of the political process and active participation in their own government. People at the local level are beginning to demand local solutions to local problems and are increasingly advocating broader discretionary power. Local officials are also expressing feelings of inconvenience with stringent national government control over local affairs. Finally, in response, in early 1987 the government advocated that local autonomy be reinstated gradually. This was postponed until after the 1988 National Assembly elections.

OVERVIEW OF THE HISTORY OF KOREAN LOCAL AUTONOMY

Established on August 15, 1948, the Republic of Korea was introduced to the local self-government system through promulgation of the Local Autonomy Act on July 4, 1949 (see Table 2.1). By this Act, local assemblies were constituted in such localities as province (Do), city, town (Eup), and township (Myon), even though the chiefs of local government were not elected directly by residents. This local autonomy system was very new to Korea, which had a long tradition of centralized power. But it has been radically changed since the first amendment to the Local Autonomy Act on December 15, 1949.

Table 2.1
Amendments of the Local Autonomy Act by Regimes

<i>Regime or Republic</i>	<i>Amendment</i>	<i>Date</i>	<i>Legal Basis</i>
1st Regime (Rhee's)	1st	12/15/1949	Act No. 73
	2nd	2/13/1956	Act No. 385
	3rd	7/8/1956	Act No. 388
	4th	12/26/1958	Act No. 501
2nd Regime (Chang's)	5th	11/1/1960	Act No. 563
3rd Regime (Park's)	6th	1/15/1973	Act No. 2437
4th and 5th Regime	None	None	None
	7th	4/6/1988	Act No. 4004 (complete change)
6th Regime (Rho's)	8th	12/30/1989	Act No. 4162
	9th	12/31/1990	Act No. 4310
	10th	5/23/1991	Act No. 4367
	11th	12/31/1991	Act No. 4464
7th Regime (Kim's)	12th	3/16/1994	Act No. 4741
	13th	12/20/1994	Act No. 4789
	14th	1/5/1995	Act No. 4877

Source: Ministry of Home Affairs, 1995.

The first popular elections for local assemblies in the cities, towns, and townships were held in April 1952, during the Korean War. With the exception of Seoul, Kyonggi, and Kangwon Provinces, which were in war zones, elections for provincial assemblies were held in May of the same year. The fact that local elections were held despite the nation's involvement in war does not necessarily mean a strong desire for decentralization and grassroots democracy; instead, it may imply the hidden political intentions of the central government. At that time, because the opposition party had more seats than the ruling party in the National Assembly, which elected the president, the government tried to weaken the power of the National Assembly through local autonomy. For this reason, it might be said that the purpose of local autonomy in Korea differed from that in Western countries from the very beginning.

The Local Autonomy Act was amended twice in 1956. Since four years of local autonomy experience had revealed many irrationalities, such as an excessive number of assemblymen, no set number on meeting days, and frequent uncomfortable relations between the local assembly and the chiefs of local government, a second amendment was passed. Through this amendment, the chiefs of local government were to be directly elected by popular vote. Both the power

of the “no-confidence” vote of assemblymen against the chiefs and the power of disbanding the local assembly of chiefs were abolished. In contrast to the substantial change in the second amendment, the third produced little change. For example, it preserved the four-year term of the incumbent local chiefs and assemblymen elected in 1956. Many considered it an instrument to postpone the elections of local assemblymen until the presidential election in 1960.

Two years after the amendments of 1956, the Local Autonomy Act was substantially amended again. As local chiefs, a number of opposition party members were engaged in local government. The government made an amendment that replaced direct election with an appointment system for local chiefs. The purpose of this amendment was to allow the national government under President Rhee Syngman to control local government both easily and effectively.

The Local Autonomy Act, revised four times during the First Republic period, was dramatically changed by the Second Republic, which was established by the student revolution on April 19, 1960. The Democratic Party government that replaced President Rhee’s Liberal Party strengthened local autonomy. For example, it reestablished the direct election system of local chiefs, including the mayor of Seoul, the governors of provinces, and even chiefs of neighborhood associations such as Dong and Ri. It reintroduced the power of the “no-confidence” vote of the local assemblies against their chiefs. Throughout the nation, the third election of all chiefs and assemblymen was held in December 1960.

But local government under the Second Republic was abruptly ended by the military coup of May 1961. The new military government, led by the president, Park Chung-Hee, enacted the Provisional Act on Local Autonomy, which held the Local Autonomy Act in abeyance. According to this law, only provinces, cities, and counties (Gun), including towns and townships, were eligible for self-governing units. Actually, the law empowered the national government to dissolve local assemblies and to appoint the chiefs of local governments. The functions of the Provincial and Seoul Assemblies were delegated to the Ministry of Home Affairs. Other city and county governments were placed under the provincial governors appointed by the minister of Home Affairs. Thus, since 1961, local self-government has not existed due to a philosophy that placed efficiency, based on centralization, over people’s direct political participation through decentralization.

These frequent amendments of the Local Autonomy Act were made not to cater to the needs of the local residents, but to suit the political purposes of the parties in power in the central government. Thus, local autonomy was distorted as a policy instrument to strengthen the centralization of the government rather than to decentralize its power.

Along with the Local Autonomy Act, the Provisional Act has also been amended six times; even today it is still in the forefront of discussion. Nevertheless, the Provisional Act has come under fire since the ruling and opposition parties agreed in 1985 that local assemblies in some form would be constituted

by the first half of 1987. However, due to other political issues such as the election of the National Assembly, the amendment to the Local Autonomy Act was not taken into deliberation by the National Assembly. At that time, it was certain that a local self-governing system was established soon after the election of the 13th National Assembly by President Ro's initiative on April 26, 1988.

The seventh amendment of the Local Autonomy Act was so comprehensive a change in scale and formats that the current system of local autonomy is based heavily on this amendment. In the ninth amendment, promulgated on December 31, 1990, the election of local councils (assemblies) throughout the country materialized, and the fourteenth amendment of the Local Autonomy Act of 1995 made possible the election of all levels of chief executives in local government throughout the country. So it can be said that the local autonomy system was fully established by this amendment in 1995.

THE PRESENT SITUATION OF LOCAL AUTONOMY

Hierarchical Structure of Local Governments

Local governments in Korea are traditionally created and changed with the administration of the policies and programs initiated by the central government. The city administration comprises a three-level hierarchical structure. The city of Seoul, a "special city," is under direct supervision of the prime minister; it has been under the Ministry of Home Affairs since 1994, while the Regionally Centered Metropolitan Cities (Pusan, Taegu, Inchon, Kwangju and Taejon) have been under the direct control of the Ministry of Home Affairs. These cities have a population over 1 million. The other 68 common cities have a total population of more than 50,000 and are controlled by the provincial governors, who in turn are subject to the supervision of the Ministry of Home Affairs (see Figure 2.1).

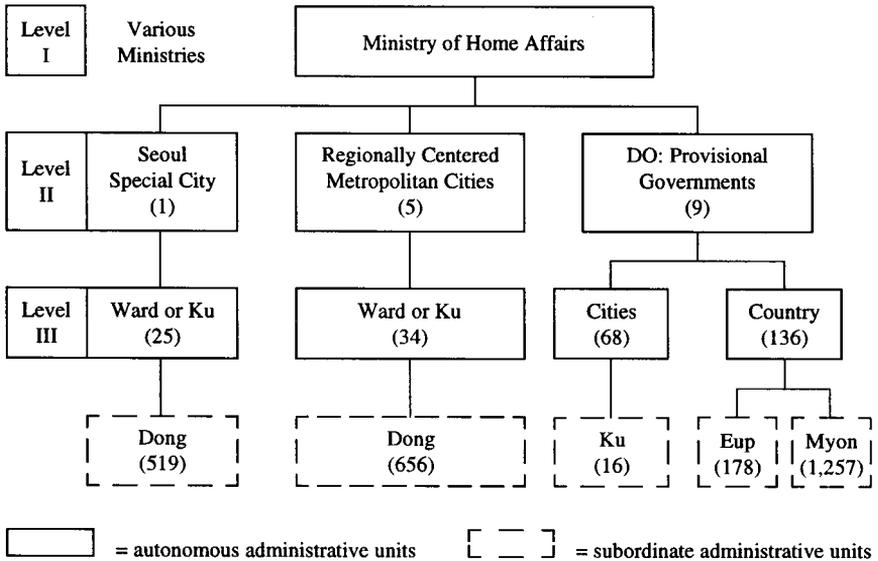
The current three-level hierarchical structure was created by the 1988 amendments. The top level is the central government or Ministry of Home Affairs. The second level, or midlevel of government, consists of Seoul Special City, five Regionally Centered Metropolitan Cities, and nine provincial governments. The lowest level or the base level of local government includes 68 cities, 136 counties, and local autonomous Ku (or wards)—25 in Seoul City and 34 in regionally Centered Metropolitan Cities.

The Ministry of Home Affairs is one of the most powerful bureaucratic organizations at the national government level. Of course, each ministry in the central government has the power to supervise and direct special subdivisions of the local governments within that ministry's jurisdiction.

Financial Self-Sufficiency of Local Government

The rate of financial self-sufficiency as shown in Table 2.2 is not very high. The average rate of financial self-sufficiency for all local government is 62.6

Figure 2.1
Hierarchical Structure of Korean Local Government (as of 1995)



percent, but this figure is slightly higher than the 57.7 percent in 1986. The low rate of financial self-sufficiency of Korean local government is due to the big difference in the socioeconomic situation of various regions.

In the case of Seoul Special City, the rate of financial self-sufficiency was fairly high at 98.5 percent. At the same time, another five Regionally Centered Metropolitan Cities recorded an average rate of 84.5 percent in which Kwangju city shows a very low rate of 66.0 percent. In the case of nine provincial governments, the average rate of financial self-sufficiency is still lower than that of the Seoul and other large metropolitan governments at 45.3 percent.

Based on the figure in Table 2.2, the rate of financial self-sufficiency of all local government is generally very low except for Seoul Metropolitan City and neighboring Kyonggi Province (80.3 percent). This means that more balanced attention should be given to other regions in terms of economic and community development programs. Local financial self-sufficiency can be improved through comprehensive reformation of the revenue structure and an exploration of new sources for local taxation.

Increase in the Number of Local Public Officials

The local government organizations have been extended as a result of the increased need for public services. This increase has raised the demand for local public employees. In addition, the workload of the local government has been

Table 2.2
Rate of Financial Self-Sufficiency (FSS) (based on 1996 data)

<i>Type of Government</i>		<i>Rate of FSS</i>
Nationwide		62.2
Seoul Special City		98.5
Regionally Centered	Average	84.5
	Pusan	89.6
Metropolitan Cities	Taegue	86.3
	Inchon	85.9
	Kwangju	66.0
	Taejon	82.8
	Average	45.3
Provincial Government	Kyonggi	80.3
	Kangwon	31.0
	Chungbuk	39.1
	Chungnam	33.1
	Jeonbuk	30.7
	Jeonnam	22.5
	Kyongbuk	34.5
	Kyongnam	50.4
	Cheju	40.1

Source: Seoul Special City, 1995a.

increased by the mandate system, which delegates additional matters to local agencies by the central government. As shown in Table 2.3, between 1965 and 1994 the number of local public services employees increased by an amazing 80.5 percent, whereas the national public officials in the central government increased only 123.4 percent. The actual figures show that the total number of local government officials was 325,028 and the total number of national government officials 567,435. Thus, local government officials occupy 36.4 percent of the total number of Korean government officials.

This data shows that people wanted to receive more services through their local government because of accessibility. Accordingly, it can be said that local autonomy in Korea is needed to check extended local government functions and to respond to local residents' demands by establishing a local self-governing system.

DESIRABLE FORMS OF THE LOCAL AUTONOMY SYSTEM

Local autonomy entails decentralization, meaning the distribution of the national government's concentrated power to local government. Therefore, in op-

Table 2.3
Increase in Number of Public Officials

<i>Year/Type</i>	<i>Total Number (Increase Rate)</i>	<i>National Officials (Increase Rate)</i>	<i>Local Officials (Increase Rate)</i>
1965(a)	301,734	253,974	47,760
1970(b)	412,852 (36.8 Δ)	344,171 (35.5 Δ)	68,681 (43.8 Δ)
1975(c)	472,775 (14.5 Δ)	365,390 (6.2 Δ)	107,385 (56.4 Δ)
1980(d)	589,020 (24.6 Δ)	438,454 (19.9 Δ)	150,566 (40.2 Δ)
1985(e)	660,032 (12.1 Δ)	461,945 (5.5 Δ)	198,087 (31.6 Δ)
1990(f)	804,244 (21.8 Δ)	539,869 (16.9 Δ)	264,375 (33.5 Δ)
1994(g)	892,463 (10.9 Δ)	567,435 (5.1 Δ)	325,028 (22.9 Δ)
(g)/(a)	(A) 195.8 Δ	(B) 123.4 Δ	(C) 580.5 Δ
	100% (A)	B/A 63.58%	C/A 36.41%

erating the local autonomy, one of the most important points is to set up an ideal relationship between central and local governments.

Scholars and politicians have suggested numerous methods for structuring the local governments in line with power decentralization. A feasible system in this present sociopolitical context will be proposed in this chapter by considering the local self-governing units and types, the local governments' financial situations, and the relationships between central and local governments.

The behavior patterns of local public officials in an era of localization merit more discussion, and measures of participation of local residents in local politics should be worked out.

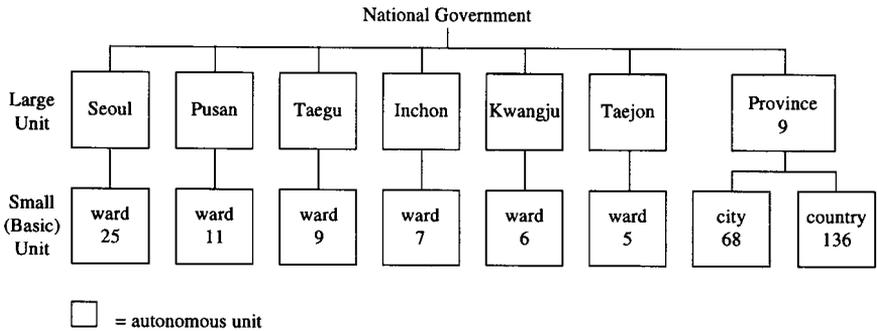
Reorganization of Local Government Units

It is very important that people experience direct democracy through local autonomy systems. A local self-governing system gives residents an opportunity to make government responsive to their own needs, and it enables people to enhance public responsibility.

Such local self-governments will be most productive if they are reorganized into a two-tier local self-government system consisting of a small local government unit and a large government unit. For effective administration, the large units should include Seoul (a special city), the Regionally Centered Metropolitan Cities, and the provinces, while the small units, as the basic units, should include wards (Ku) of Seoul and five other metropolitan cities and common cities as well as counties.

The current multi-hierarchical system of local government with three or four levels has posed administrative problems. It has overlapping functions in local

Figure 2.2
Proposed Units and Types of the Local Autonomy System



governments. For example, county government has operated as an intermediary between town and township governments when they needed to refer to the provincial government. This practice reduced the township governments to secondary roles: preparation of necessary reports for higher levels became a major portion of their duties rather than functioning as self-governing units.

Such unnecessary problems could be minimized, though not eliminated entirely, by organizing the system into a two-tier local government unit, with the province as the large local government unit and the ward, city, and county as the small local government unit (see Figure 2.2). The distance-related problems that could arise as a result of the rearrangement can be prevented by establishing county branch offices where necessary.

In this new system, the traditional grassroots governments, the towns (eups) and townships (myons), would no longer be recognized as local self-government units. In place of town and township governments, county government branch offices would be instituted so that they could deal locally with the policy and administrative affairs within the boundary of the county. The county branch offices would not be hierarchical subdivisions of the county government. Rather, they would carry out the same functional duties as the county government. The services provided by the county branch offices would get rid of any inconveniences that the county residents might have in getting services from the remotely located county government office. The administrative affairs of the towns and townships would be properly executed by the county branch offices without referring matters to the county government offices. They would function only on a broader jurisdictional basis.

There are several reasons for selecting the county as the basic local government unit instead of the town and township governments. In 1952, with the establishment of local assemblies, the national government practiced local self-government at the town and township levels for the first time. From the outset there were many functional problems which resulted mainly from the paucity

of professionally trained personnel and the lack of financial resources, which was particularly severe. Accordingly, the township governments had difficulty in providing adequate facilities and services for their local residents.

The Expansion of Local Financial Capacity

The financial capacity of local governments is weak. In 1982, 42 percent of local government revenues came from outside sources in the form of subsidies of local share taxes, provided by the central government. Local governments still depend heavily on the national government's subsidies to supplement their financial shortage. The reason is that the present tax system gives more priority to a national tax than a local tax. The total tax revenue of Korea was comprised of 80 percent national tax and 20 percent local tax in 1986. Therefore, it is necessary that some of the national tax items, such as transfer income tax, telephone tax, and the amusement, eating, and drinking tax, provide for the sufficiency of local self-governments.

The most important requirement is not to levy any new local tax on local people in order to establish a strong local government. A strategy for developing the local economy should be considered by inviting manufacturing companies to set up plants in local regions.

In addition, as shown in Table 2.2, the rate of financial self-sufficiency is still not satisfactory in most of the local governments. Special emphasis should be given to the distribution of more revenue resources to local governments and fair distribution of national tax and local taxes in order to give more benefits to local governments. Thus, the local government's rate of financial self-sufficiency should be heightened so that the local government can implement more local-related programs with better financial resources.

Functional Rearrangement between National and Local Governments

The Local Autonomy Act of 1988 provides that local autonomous bodies shall deal with local public matters and matters delegated to the entity by laws and ordinances. However, no detailed criteria have been set out to delegate the functions specified. In the self-governing system, the proper share of administrative affairs has not yet been assured. Accordingly, as many functions as possible should be distributed to the basic unit of local government such as ward (Ku), city, and county by making the criteria clearer. For example, such public affairs as conservation of environment, labor, and agriculture have to be considered as functions of basic local autonomous bodies. Not only these functions but also welfare administration such as health insurance and the national pension have to be distributed as local public affairs. Of course, the local governments should operate in partnership with the national government in such functions as integrated regional development planning and programs.

To establish the tradition of grassroots democracy, however, the national government has to limit intervention in local governments in the process of strengthening the local autonomy system.

Thus, initiatives or referendums should also be popularly practiced at the local level in the future of Korea because they are methods of direct legislation by which voters may enact laws or constitutional amendments without action by the legislature. The referendum is a type of direct legislation similar to the initiative.

Desirable Behavior Pattern of Local Officials

As shown in Table 2.3, the number of both national and local public officials has increased. This increase is necessary to meet the demand of various local residents in local government. Local residents not only require basic demands of a local government but a fairly high level of extra demands, such as quality of life and welfare needs.

In order to accommodate all of these demands, local public officials should be equipped with better education and training and a sound belief life system. Thus, all local public officials are required to be truly democratic administrators, real service providers, efficient decision makers, and capable trainers of democratic practice in all local governments.

Expansion of Participation of Local Residents

In Korea, the local residents' participation rate in local government is not as high as that in other Western nations such as the United States and the United Kingdom. Thus, the ideal measures for residents' participation in local government is not yet high in Korea. Accordingly, quite a big gap exists between the local officials' policy implementation and the local residents' wish for policies. In some cases, the local government executes policy without the consent of local residents.¹ Local governments should provide special measures for greater participation of local residents in local government affairs.

CONCLUSIONS

The reinstatement of the local autonomy system in 1988 was an historic event in the history of Korean democratic development. It allowed the subsequent expansion of the local autonomy system in 1991, which was marked by the formation of the local council in all local governments. This also laid the foundation for another historic development in Korean democratization: the popular election of chief executive officials at the local level in 1995.

Koreans currently enjoy the benefits of local governance. However, it is useful to recognize the limitations of its present form, many of which can be linked to the historical circumstances of its inception and subsequent evolution. Spe-

cifically, the following areas can be considered targets for improvement of the system:

1. Distribution of powers from the central government to local governments.
2. Formation of incentives for industry to relocate to underdeveloped areas in order to promote balanced growth among the provinces, increasing the economic self-sufficiency of local governments.
3. Promotion of local residents' participation in local government in order to create an environment conducive to grassroots democratization.

Korea's local government faces the challenge of simultaneously satisfying the needs of its residents while linking response to the demands of being members of a global community. This will require that local governments become increasingly autonomous in relation to the Korean national government and work to increase their presence overseas, in the same fashion that some U.S. state governments have established offices in other countries. To facilitate this process, Korean local governments must work collectively, sharing information that will enhance the local government's ability to govern and to truly fulfill the ideal of local self-governance.

NOTE

1. According to the Korea Gallup Study in 1995, "The Voting Behavior in the 1995 Local Election," Korean voters were so excited about the selection of their chief executive governor or mayor for the first time that they were not too interested in offering a policy alternative to the local government.

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Chapter 3

Administrative Reforms in India

Krishna K. Tummala

INTRODUCTION

All nations in their path toward development indulge in administrative reforms. This is only more so in the case of less developed countries trying to catch up with the rest of the world. And the task is even greater in the case of former colonies which in their efforts at indigenization need to contend with inherited structures and the ethos of the former foreign masters. These reforms cannot be on an ad hoc basis and are always based on some belief system or an ideology (Tummala, 1979). In other words, a blueprint is needed as the basis for launching reforms. Nations ought to know where they wish to go and the path they want to take to reach that goal. This chapter, while briefly explicating the ideological underpinnings of the efforts, attempts to provide a panoramic picture of some of the reform attempts in India since its independence from Britain in 1947. The various reforms may be categorized under three broad headings: administrative, economic, and social. Only the first two are discussed here briefly. The third is too complex a subject to be dealt with in a cursory way, and is not covered.

IDEOLOGY OF DEMOCRATIC SOCIALISM

In an effort to move an essentially unequal, hierarchical, and often feudal India into an egalitarian democracy following independence, Democratic Socialism was chosen as both the roadmap and the vehicle. Many an American observer, comparing the short American Constitution to the voluminous Indian document, would find it striking that the Indian document contains a number of policy statements, in particular its Part IV, titled "Directive Principles of State

Policy.” Although not subject to adjudication in a court of law, these principles set the stage for several reformist policies of the government of India. Moreover, the Congress Party, now called Congress (I), which was in the forefront of the national movement in the fight against British imperial rule and later in power for most part of the 50 years since independence, subscribed to socialism as its credo.¹

Gunnar Myrdal rightly argued that socialist ideology was part of the nationalist movement in South Asia (Myrdal, 1968). However, democratic socialism in India had its own distinctive features (Tummala, 1994). Though subscribing to socialism, the Congress (I) Party never used socialism without some qualifier. In 1955, the party election manifesto called it the “socialist pattern of society;” in 1960, it was the “welfare state and socialist pattern;” and finally in 1964, it was “democratic socialism.” The Forty-Second Amendment to the Constitution in 1976 (coming into effect as of March 1, 1977), during the height of the internal Emergency declared by Prime Minister Indira Gandhi, changed the Preamble of the Constitution of India to read from establishing a “Sovereign Democratic Republic” to a “Sovereign Socialist Secular Republic.”

Answering the criticism of the confusion stemming out of the various labels, Jawaharlal Nehru, the first prime minister of India and the architect of Indian socialism, simply declared that all these expressions meant exactly the same thing, though they were difficult to define. Nehru, who was very much impressed by the Russian experience, however, abhorred the violence of a revolutionary socialism. As a student of Fabian socialism, he instead advocated evolutionary socialism. He was not doctrinaire about it. Though a dreamer, he never stopped being a pragmatist, adding an economic dimension to Mahatma Gandhi’s humanitarian thought. Thus, his was a mix of Marxism, democratic liberalism, and Gandhian philosophy. It was not based on class war, though it foresaw a classless society. There was an emphasis on tolerance and peaceful change. It favored a “mixed economy” or a “dual economy” in that both the public sector and the private sector would play individually important roles in economic development. There is an interesting mix in that individual rights are guaranteed within a democratic political order, but a positive, interventionist state was envisaged. Contrary to the Marxian thesis that the legal-political structure is no more than a reflection of the prevailing economic power, the state in Indian socialism is to be an instrument to transform the entire socioeconomic-political fabric of India. It is to be a massive peaceful social engineering project. The basic faith in democracy led to the notion that all change had to be accomplished within the democratic framework. Thus, taking off from both the Constitution and the Congress (I) Party’s credo, independent India launched what has been commonly called Nehruvian socialism.

ADMINISTRATIVE REFORMS

Survey of Previous Reform Literature

A vast administrative apparatus is an absolute necessity to carry out a massive social engineering effort. In this regard India has been fortunate in that it inherited an administrative structure from the British which Lloyd George called the “steel frame of India,” led by the Indian Civil Service (ICS). The Indian experiment, successful as it was from the colonial point of view, was exported to other parts of the Empire. The office of the district collector (named after the initial function of collecting revenues) is so unique even to this day that there is no other comparable position in the world, though the prefect in France might come close to it. The ICS, though often indeed benevolent, was nonetheless a master class. In the absence of enforced responsibility through the elected representatives, the prefects were largely despotic and unresponsive. Yet the system worked well. It was so well organized that Paul H. Appleby went on to suggest in 1953 that India was among the dozen or so most advanced governments in the world, despite his severe criticism of the bureaucratic processes (Appleby, 1957: 8).² However, the inherited administrative apparatus which was meant to maintain law and order and collect revenues is not suited to developmental activity, which is the chosen path of independent India. The metamorphosis of a regulatory state into a service state required not only an able administration but also one with an altogether different kind of attitude. Thus, to develop capacity building as well as a service orientation, several administrative reforms were undertaken; the literature on the subject is voluminous.

Reforms of yore may be categorized under three major headings: reforms suggested by higher civil servants such as N. Gopalaswamy Ayyangar, A.D. Gorwala, A.K. Chanda, and V.T. Krishnamachari; reforms initiated by the legislature, largely comprising Reports of the Estimates Committee, the various Pay Commission Reports, and so on; and in a few instances those offered by foreign experts at the request of the Government of India such as those by Appleby and Ford Foundation, the latter resulting in the establishment of the Indian Institute of Public Administration in New Delhi. Yet, there was minimal dependence on foreign governmental advice and assistance (Braibanti, 1963: 6–9), though occasional inspiration was drawn from some of their reforms. Added to these were innumerable reports from the Government of India as well as the several state governments, all of which indicate that there was never a dearth of reform attempts.

From a survey of the above literature one may distill some important features of previous reforms in India (Tummala, 1979: 138–139). (1) There had been an eclectic approach to reform in that the initiatives came from all sources of public authority and all types of elite institutions—political, administrative, and academic. (2) They were intellectually well conceived. (3) As products of the ex-

perience of able administrators and politicians and of the scholarship of various academics, they were well balanced. (4) Many of the reforms concentrated on the reform of the structure of administration, not the process, much less the ethos. This is not to say that the civil service had not, from time to time, adopted the changing philosophy of state. It did, and it even coped with several emergencies such as the massive influx of refugees from Pakistan immediately following independence and partition in 1949, and after the 1971 war in Bangladesh. (5) Methodologically, one can see that many of the reform suggestions were based on administrative surveys rather than rigorous empirical research, which of course was not a well-developed field in the past in the first place. (6) Perhaps the most serious drawback was that the original administrative structure—"the steel frame"—was not seriously altered. All reforms suggested or undertaken have been within that framework which has been very enduring, though the milieu within which it works has changed considerably over time. (7) Often, reform recommendations were at odds with each other. For example, while talking of efficiency and economy, there was an insistence on public service as a last resort. From 1957 to 1971 alone, for example, regular posts of the central government saw a 72 percent increase (Third Pay Commission, 1973: 10 and 21). (8) There was no well-thought-out strategy of reform; there was only tinkering. K. Hanumanthaiya, the second chairman of the Administrative Reforms Commission (ARC), made the following observation: "Several studies and inquiries were made on the administrative problems during the first fifteen years after independence. These attempts were, however, limited in scope, sporadic and uncoordinated. . . . There was no comprehensive and coordinated examination of the whole administrative machinery" (ARC, 1970: 1). (9) There has been a gap between profession and performance in that several of the reform proposals were allowed to gather dust and were not implemented, with the result that some reforms tended to be repetitive. V. Shankar, member-secretary, Administrative Reforms Commission (ARC) went on to observe: "[M]any of the recommendations that we made on the question of administrative machinery are not novel—there is nothing new in them. They have been repeated *ad nauseam* from time to time" (Tummala, 1979: 159). For example, historically there has been a debate as to whether the fiscal year starting on April 1 of each year is suitable at all for India, particularly considering the impact of the monsoon on agriculture which cannot be gauged before revenue estimates begin each year. The only rationale that could be found for this starting date is that it coincided with the British fiscal year. Recommendations to change this date were made from 1870 to 1969 but to no avail. (10) Finally, for the nonimplementation of several recommendations, the blame ought to rest squarely on the shoulders of political masters in that either those who commissioned the several studies did not follow through with the recommendations or were replaced by new sets of politicians who did not care, or even worse, opposed the recommendations or the very appointment of the particular commissions.

Yet, there was never a dearth of attempts at administrative reform. And indeed

some very heavy reforms were successfully undertaken, including the very integration of the several independent principalities and princely states into the Indian Union immediately following independence, the establishment of the Planning Commission in 1951, the reorganization of states on a linguistic basis in the 1950s, and the decentralization scheme, commonly known as *Panchayat Raj*.

Perhaps the most massive administrative reform work was done under the auspices of the ARC. By the 1960s, India already had two Five-Year Plans and was on its developmental path to suggest that it was time to rethink the whole administrative structure. In 1964, the Department of Administrative Reforms was created within the Home Ministry (later moved into the Ministry of Personnel) to prepare “the ground for a comprehensive investigation of the entire administrative system in India.” However, the then home minister, Gulzarilal Nanda, was not particularly enthused about such prospects and soft-pedaled the work. Moreover, the bureaucracy itself was thought to be reluctant to have a comprehensive administrative review done by public officials. In any case, the growing parliamentary pressure resulted in the appointment of the ARC in 1966, modeled after the Hoover Commission in the United States, though its final recommendations in 1969 carry some of the flavor of the 1968 Fulton Committee Report in England. The ARC originally consisted of six members, five of whom were politicians and the sixth a civil servant. Having gone through several convulsions, it finally ended up with five members, four of whom were full-fledged politicians. The Commission reported to the government, and the implementation of its recommendations was left to the individual ministries after parliamentary approval. The Department of Administrative Reforms served as the coordinating agency.

The suggestion by some that the civil servants were marginalized in this major overhaul effort (Maheshwari, 1972) was denied by both the first chairman of the Commission, Morarji Desai, and its member-secretary, V. Shankar, who himself was an active ICS man. Some of the politician members of the Commission themselves were former civil servants. Moreover, the Commission depended on 20 Study Teams, 13 Working Groups, 1 Task Force, and 4 Expert Groups—all of which were comprised of representatives of civil servants, politicians, and other nonofficials. At the same time, parliamentary approval of its recommendation would be facilitated, or so it was believed, by the majority of politicians on the Commission.

Whether the Commission had a grand plan as it went along with its work is debatable. However, its terms of reference suggested that it consider the need to ensure the highest standards of efficiency and integrity in public service. It should also take into consideration the need to make public administration a fit instrument for carrying out the social and economic policies of the government, achieve the goals of development, and make administration responsive to the needs of the people.

The Indian Administrative Service

The ARC had produced a monumental work (in terms of voluminous reports), making a total of 581 recommendations. Only recommendations pertaining to the Indian Administrative Service, which is a successor to the ICS, are discussed here. Article 312 of the Indian Constitution provides for All-India Services whose personnel in effect can be used by both the Center (as the federal government is commonly known in India) and the state government to whose cadre a candidate opted for in the first place. The 1951 All-India Services Act recognized two such Services: the Indian Administrative Service (IAS) and the Indian Police Service (IPS). More of these services can be created by a two-thirds resolution of the Rajya Sabha (the upper house of Parliament).

The IAS, with an authorized strength of over 5000 persons, is the premier service in India. These officers occupy the highest and most prestigious administrative positions at the policy-making level as secretaries serving as administrative heads of ministries/departments immediately below the politically elected cabinet ministers. At the sub-state level they hold the position of chief executive officer—the district collector, an original and novel British invention to rule the colonies. This service is so prestigious that culturally almost every child in India either has dreamed of being, or has been goaded or encouraged by parents and teachers to be, an IAS officer. Steeped even to this day in some of the ICS tradition, these officers are regarded as *maa* and *baap* (mom and pop, respectively) by the people at the sub-state levels. As secretaries and chairs of the several committees at the *Zilla Parishad* level (district-level legislative bodies, see below), they have a crucial role to play in the nation's developmental activity.

Crucial as it is, this service has been a target of several criticisms. Three of these stand out: their homogeneous and elitist nature; the lack of specialization; and the very inadequacy of generalists in development administration. The best and the brightest in the country are attracted to this service, and once selected they are trained largely by the senior administrators steeped largely in the guardian bureaucracy ethos. (It should be noted that some changes occurred of late, with better private jobs attracting the best of the lot, and progeny of the lower classes and low-income families coming into the service. Yet, the basic argument still prevails.)

Because these generalists are selected on the basis of rigorous, but more or less scholarly, examinations and for their potential, not for their demonstrated ability, it was thought that they needed expertise, which is the hallmark of development administration. Moreover, the various technical services came to resent the fact that the IAS monopolizes the higher positions, and they themselves are blocked out from contending, with the result that they always had to serve under the IAS. When the state took care of limited law and order functions, these generalists were felt to be adequate. But the socialist interventionist philosophy placed a great deal of responsibility and burden on the shoulders of

these officers. The ARC paid particular attention to this and thought that “a new approach is necessary which should integrate selected specialists into the administrative hierarchy and enable them to participate more directly in the process of policy formulation, so that they can fit themselves adequately to the tasks which they have to perform in their own special fields or related fields in the higher administration” (ARC, 1969: 11). Accordingly, the ARC recommended that positions be grouped functionally and that senior positions in each of the functions be filled by members of that particular function. They also recommended that the annual confidential report on each officer be changed to a “performance report.” Innumerable suggestions were made to change the IAS ethos from that of a guardian bureaucrat to a service-oriented one. Despite all the recommendations and the claim that the majority of them were accepted, the service remains largely as it was. It was even argued that the IAS personnel in the Department of Administrative Reforms either sabotaged or watered down those recommendations of the ARC that would have adversely affected their entrenched position. Certainly, no major changes occurred in the structure itself, and the “steel frame” endures unbent. The superiority of this service was reiterated in the Fifth Pay Commission Report in 1998 when it recommended new higher pay scales.³

Panchayati Raj

Of all the administrative reforms, the decentralization scheme generated the most literary output and also great controversy. A large and varied nation such as India cannot easily be ruled from one center. Moreover, the constitution makers, worried about the divisive tendencies that might balkanize the nation and seeking to keep it together, deliberately called it the Union of States. Thus, to reconcile the competing needs of keeping the nation together and integrating it on one hand, and accepting the need to accommodate diversity and the immense size of the nation itself, a federal form of government was constituted, which some called *sui generis* (Alexandrovictz, 1957). This uniqueness comes largely from the fact that several provisions of the Constitution would contribute to centralization. In fact, the federal form can be turned into a unitary one in case of an emergency, particularly by invoking Article 356 whereby a duly elected state government can be dismissed and the administration can be taken over by the Center (Tummala, 1996). Yet as committed democrats, the constitution makers wanted decentralization of power. However, out of respect for the integrity of the local village levels, only scant mention was made to decentralize power in the country. The state governments were allowed to deal with this subject as they saw fit.

In 1957 the Mehta Committee (after its chair, Balwantray Mehta) suggested that the sub-state governments be organized in a three-tier format: at the lowest level the village *Panchayat*, at the district level the *Zilla Parishad*, and at the intermediate level the *Samithi*. This came to be commonly known as *Panchayati*

Raj. This scheme made significant contributions in that it brought government down to the local level, diminished the awe in which administrators in the past were held, thus making them responsible and responsive as well, and provided a fertile breeding ground for future leaders. Yet, by the same token the scheme also produced a sort of machine politics leading to consolidation of power by the local elite and allowing political parties to build their strength from bottom-up and manipulate politics and even electoral outcomes. It also produced “small” leaders with their parochial politics as opposed to the “tall” national leaders. Perhaps the most serious drawback was the sporadic interest of the various states, which led to the disuse of these bodies. In some cases even elections were not held to these bodies for several years.

Then came Prime Minister Rajiv Gandhi who decided that some constitutional arrangements should be made to ensure the survival as well as prosperity of these decentralized institutions. To that end Gandhi formally introduced the Sixty-fourth Amendment Bill in 1989, which would have formalized these bodies as a part of the Constitution. But the politics of the time, as well as the very absence of democratic norms within his own Congress (I) party led many to criticize Rajiv Gandhi on the basis that he was attempting to make end-runs to the local level governments by circumventing the state governments, many of which were in control of parties opposed to Congress (I) (Tummala, 1997). Consequently, the proposal was defeated. But it was taken up later by another Congress (I) government led by P.V. Narasimha Rao. The Seventy-Third Amendment was passed in 1992, thus finally according constitutional status to a three-tier local government organization with independent political and financial powers given to each level. Yet six years after passage, many states had not yet held elections. And a lot remains to be desired in this context.

“Reservations”

Yet another important reform had to do with the opportunities extended to minorities. As already stated, the Hindu society, which constitutes a majority of the nation with over 83 percent of the population, is essentially an unequal one. Divided into four major caste groupings, it constitutes a hierarchical arrangement with the *brahmin* (the learned) at the top, followed by the *vaisya* (trader), *kshatriya* (warrior), and the *sudra* (the menial servant). In this scheme yet another group is left out called the *panchama* (the fifth). Historically, the last lower rung of the Hindu society was so badly discriminated against that they were denied even the most basic amenities not to talk of the many opportunities. These people were largely grouped under three categories: Scheduled Castes (SC), Scheduled Tribes (ST), and the other backward classes (OBC), also known as Socially and Economically Backward Classes (SEBCs). Following the Gandhian principle of the upliftment of all, and in tune with the democratic socialist principle of equality, it was felt necessary to deal with this unequal and deprived situation. The result was what came to be commonly known as “reservations,”

whereby a certain proportion of public positions are kept aside, or “reserved,” for these groups. Article 16(4) of the Constitution permitted the state to make special provisions for the reservation of appointments in favor of backward classes who were not adequately represented. However, Article 14 guarantees equality for all, and Article 15 prohibits discrimination on grounds “only of religion, race, caste, sex, place of birth or any of them.” In 1951 a special admissions provision into a medical school was challenged and was disallowed by the Supreme Court of India as violating the equality principle.⁴ This constitutional dilemma between equality and social justice was quickly resolved with the passage of the very first Amendment to the Constitution by adding a Section 4 to Article 15, which enabled the state to make special provisions for the advancement of socially and educationally backward classes or for the SCs and STs.

Accordingly, in proportion to their percentage of population, 15 percent of the positions are set aside for SCs and 7½ percent for STs. In addition, each state was allowed to reserve its own quotas not only for SCs and STs but also for the OBCs. No attempt was ever made to fill all the quota slots with whomsoever concerned regardless of qualifications. Indeed, all candidates must meet the minimum required qualifications. The Constitution in fact admonishes that efficiency of administration ought not to be adversely impacted (Article 335). This policy of reservation was largely going well with the acceptance of the policy by all, and quotas were filled by qualified candidates. (Except in the case of STs there was a shortage of qualified candidates.) But the OBCs, who constitute just over 50 percent of the population began demanding their fair share of the positions at the Centre. In the meanwhile, politicians also found out how popular this policy was in that by reserving seats in public service as well as for admission into schools, particularly professional schools like medical and engineering schools, not only could whole classes of people be appeased but their support could be garnered during election time.

In 1980, the Mandal Commission, appointed by the Janata government to inquire into the conditions of the OBCs, recommended that a 29 percent reservation be made for the OBCs. It should be noted that in 1963 the Supreme Court of India, its judgment in *Balaji v. State of Mysore*, believing that any “unreasonable, excessive and extravagant” reservations would restrict general competition (and thus hurt efficiency), stipulated that all reservations put together ought not to exceed 50 percent of positions filled. Thus, the 29 percent reservations, put together with the already set quotas for SCs (15 percent) and STs (7½ percent), would be near the limit set by the Court. This recommendation was not put into practice inasmuch as the Janata government fell soon after. And for the next 10 years the issue became dormant only to be resurrected by the minority government of V.P. Singh in 1990, when he announced that he would implement the recommendation. Not unexpectedly, it created a furor among the so-called forward classes who claimed reverse discrimination as their entry numbers would be restricted. Moreover, the Mandal Commission recom-

mentation itself came under severe criticism because of its pseudoscientific approach in determining not only the population ratios but also the criteria to define who constituted the OBC category. Meanwhile, the various state governments seized on the populism of the measure and went on reserving positions in absurd numbers. For example, the State of Tamil Nadu reserved a total of 69 percent. At one time the State of Karnataka had nearly 92 percent reservations.

The Singh government also fell, and the later Congress (I) government in 1991 accepted the proposal. The Supreme Court of India, having heard a challenge to this order, in its judgment of 1992 approved a 27 percent reservation for the OBCs. The first appointment under this category was made by the Government of India in early 1994. But the controversy never ended as public policies in this regard have become competitively populist (Tummala, 1989).

A few important features must be noted here. Preference in terms of reservations originally was given only to those in the Hindu society. But since the application of the Mandal report, it has been extended to other religions as well. There are no reservations based on the basis of sex. Caste and class are inextricably mixed in deciding who deserve to be preferred despite the fact that the Constitution refers only to "classes" of people. Reservations extend beyond initial appointment to promotions too, though only in the public sector. The private sector has not been brought under this policy as of now. Although these reservations originally were supposed to be in operation for only 10 years after the new Constitution came into operation, there has been consistent renewal at regular 10-year intervals. Thus there is the impression that these reservations are going to continue, in the absence of knowledge of when the catching up by the minorities would be accomplished or when preference would end. There was never any inhibition or feeling of self-denigration among any groups seeking reservations. Instead, there is a clamor for inclusion in the backward category by more and more groups. Thus, the forward class opposition has reached near rancor proportions, which at times led to riots and loss of property and even lives. Moreover, the truly needy appear to have been left behind as the beneficiaries of reservations are already largely on the cutting edge. And there is no end to attempts to extend reservations. Even the Bharatiya Janata Party (BJP), which is perceived to be a party of the upper castes, and at one time categorically stated that it does not recognize any minorities in the country, had to announce in its "national agenda" that it would protect the interests of the minorities as in March 1998 it came to power leading a multi-party coalition government.

Besides the reservations in public service, there are also reservations in the legislatures for SC and ST candidates. Similarly, there are several other social and economic incentives and supports for these reservations. And there is currently a bill under consideration that will extend a 30 percent reservation for women in the legislatures. (There have been such reservations for the local bodies for some time.) Thus, although this kind of reform did indeed help bring in several minorities into the public service, thereby improving their lot in the society considerably, it also led to a major controversy and to considerable

rancor among the forward castes/classes. Perhaps the worst problem is the inability to detach the sanguine social policy of preference from competitive, populist politics.

ECONOMIC REFORMS

The most formidable reform attempts have been in the economic sphere. Despite the Fabian socialist moralist tones of the proper distribution of wealth, wealth after all must in the first place be produced. Moreover, independent India discovered that a great deal had to be done regarding development of the infrastructure. In this context, two features are noteworthy: planning and public enterprises.

Planning

A nation embarking on a massive economic transformation of necessity ought to plan for it carefully and more so, when it is resource-constrained. India followed this path. As already noted, Nehru was much impressed by the Soviet example of planning, albeit wary about the violence that might be involved. Thus, a Planning Commission was created as an advisory body, and India launched its Five-Year Plans.

The setting up of the Planning Commission itself was controversial in that it is neither a constitutional body nor even a statutory organization. The Government of India simply resolved to create one in 1950. Its members are not elected to make it representative; rather, they are appointed by the prime minister. It is not responsible to any one else either. Yet, it is invested with great powers to plan, and even exercise, executive powers insofar as the various plans of both the center and the states would have to be approved by it. The then finance minister, Sir John Mathai, resigned in protest against the establishment of such a Commission. This criticism was countered by the argument that after all the body is chaired by the prime minister as such, and that makes him/her responsible for all its work. While the first prime minister did indeed chair the Commission, soon it was found out that he was too busy to get really involved. He in his turn then appointed a deputy chair, who since then has become the focal point. But the deputy chair also is an appointee of the prime minister! Thus, the ARC in 1969 made several recommendations: that the prime minister be associated with the Commission but without being its chair; that cabinet ministers ought not to be associated with the Commission as they might politicize the process; and that the entire cabinet, not its subcommittee should study the reports of the Commission and approve the plan. None of these recommendations has been followed, and the Commission continues as it was originally configured with members appointed by the prime minister. Thus, the Commission is undeniably politicized. As the new BJP government was to take power in March 1998, it was even suggested that the Ninth Plan that was being formulated at

the initiative of the previous United Front government must be stopped so that the new government could have its own imprint on it. (The draft plan was released in early March 1998 prior to the date the BJP government was sworn in.)

To date, there have been eight Five-Year Plans. Here again, we can note a certain lack of continuity in that the plans varied in their priorities. The First Plan insisted on agricultural development; the Second Plan wanted industrial growth; and the Third Plan emphasized economic growth and equitable distribution. Following the third plan, there have been three successive ones. The Fourth, starting in 1969, sought to accelerate economic growth, with special attention to agricultural production and dispersal of industry and help for the smaller and weaker producers. The Fifth Plan, which wanted to remove poverty and provide for economic self-sufficiency, was abandoned in 1978. The Sixth Plan was a rolling plan for the years 1980–1983. The Seventh Plan (1985–1990) revolved around the theme of “food, work and productivity.” The Eighth Plan started by the Rajiv Gandhi government was postponed by the National Front government of V.P. Singh. The successor government of Chandra Shekhar was too preoccupied with its own survival to even present a budget. The Eighth Plan was finally unveiled in 1992. In spite of all the troubles and vicissitudes, the economy has been severely planned, though agriculture which has been the mainstay was left out of this process. Perhaps the most important aspect of this planning process is the effort to capture the “commanding heights of the economy” by the public sector. It is in this context that one needs to understand the public sector’s importance in India.

Public Enterprises

The Constitution of India enjoins (Article 39 b & c) that the state shall work in such a way “that ownership and control of the material resources of the community are so distributed as best subserve the common good,” and “that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment.” The net result is the development of a large public sector commonly known as public enterprises (PEs), where the state entered into manufacturing and production within a business and commercial context.

Starting in 1951 with merely five establishments and a Rs. 290 million investment by 1991, the number grew to 246 with a total investment of Rs. 1.13 trillion employing as many as 2.3 million people. Although government enterprise was not new, as the Government of India has long been in the business of running railways, for example, the magnitude as well as the efficacy of these enterprises have come under severe criticism, particularly because until 1972–1973 they made no profits. On the other hand, the losses incurred by these PEs had been so enormous, causing a tremendous drain of public expenditure, that the very *raison d’être* of PEs at times came under serious questioning and doubt.

Yet the dependency on PEs continues, and even to this day they constitute a very important part of the economy.

The success or failure of PEs can be judged on the basis of two criteria: (1) their commercial success in terms of profit or loss, and (2) their social objectives. In terms of their commercial activity there is abundant evidence of failure. Even in 1984—over 35 years after independence—the very term “profit” was not seen in their lexicon. John Kenneth Galbraith called this “post-office socialism,” denoting a “way of describing a commitment to public enterprise operated at no profit, hopefully no loss, with no particular efficiency and with no other clear purpose in mind” (Galbraith, 1963: 43).

Indeed by 1987–1988, all PEs made a total profit of about Rs. 22 billion, but over 76 percent of it was made by 10 PEs, of whom 6 were in energy-related fields. A total of 101 enterprises posted a loss of over Rs. 17 billion in the same year. The top 10 losers accounted for over 44 percent of losses. Yet without doubt the PEs had captured the “commanding heights” of the economy, as may be seen from the fact that they account for production of 100 percent of petroleum, lignite, copper, and lead, 92 percent of coal, 98 percent of zinc, 59 percent of steel ingot, about 41 percent of fertilizers, and so on. The industrial licensing process also led to monopolies, a fact acknowledged as far back as 1960 by the Mahalanobis Committee and later confirmed by the Monopolies Inquiry Commission in 1964.

If the social functions of PEs are measured by the number of people they employ, there is ample evidence that they served their purpose. To further this objective, there always has been the policy of not letting sick enterprises close. Instead, they are continuously subsidized, thus leading to a drain on the public exchequer. Thus, one may say that some of the social objectives may have been met at the expense of commercial objectives. A related criticism is also of importance. Members of the boards of these enterprises tended to be drawn from the civil service, particularly the IAS, whose generalist character is not necessarily in tune with the commercial and enterprising spirit.

Perhaps the worst part of all this revolves around the industrial licensing policies, which led to the so-called permit Raj where a private entrepreneur had to bribe public officials to obtain licenses to start an industry. Corruption thus became rampant, along with a flourishing underground economy to avoid taxation and cover up income illegally obtained. It is estimated that nearly 40 percent of the national economy is “black money”—unaccounted for and hidden away, avoiding taxation. Several measures were suggested and a few were implemented to correct this situation, the most noteworthy of which is the recent Voluntary Disclosure of Income Scheme (VDIS). Under this scheme, the United Front government in 1996–1997 announced amnesty for those who came forward to disclose their income and pay taxes. This was hailed as a success: over 300,000 new taxpayers were added with a disclosed wealth totaling Rs. 260 billion, yielding additional revenues of approximately Rs. 78 billion, and constituting around a fifth of total direct tax collection in 1999.⁵

NEW ECONOMIC POLICY

By 1990–1991, the Indian economy was in shambles. The gross fiscal debt had reached the highest point, at 8.3 percent of GDP. Foreign exchange reserves had dwindled down to \$1.2 billion, necessitating the pawning off of several tons of gold to avoid a crisis. The trade imbalance was at \$9.4 billion. External debt stood at 30.5 percent of GDP (with \$8 billion added in 1991 alone). Although the average growth of the national economy registered what came to be known as the “Hindu growth rate” of 4 percent a year, in 1991–1992 it registered only 0.9 percent. Industrial production was virtually stagnating. An estimated 328 million people were living at below poverty level (with an income of less than \$25 a month). Inflation was at 17 percent. The literacy rate was at 52.2 percent, and the average life expectancy was 57.7 years.⁶ Thus, looked at from whichever angle, the Indian economy and society were stagnating, opening the eyes of policymakers to the fact that Nehruvian socialism, great slogan though it was, had not after all delivered the goods. And the world had started moving to the right toward democratic capitalism following the tumble of communism. India followed suit.

After the 1990 general elections, the Congress (I) government of the new prime minister P.V. Narasimha Rao, under the guidance of his new finance minister Manmohan Singh, a reputed economist and a former governor of the Reserve Bank of India, inaugurated the New Economic Policy—the NEP.⁷ Though not disowning socialism altogether, and continuing with the principle of a mixed economy, the NEP looked toward economic liberalization in terms of inviting foreign capital, opening up of the markets, encouraging the private sector, rationalizing taxation policies, and curbing the rules and regulations that were thought to throttle entrepreneurship. No new nationalization of industries would occur. No sick industries would be taken over, and budgetary support to them would be discontinued. In fact, sick industries can be closed after a referral to the Board of Industrial and Financial Reconstruction (which in the past dealt with only the private sector). Disinvestment in the PEs will take place by selling off public equity in them. A National Renewal Fund will be created to take care of workers displaced by the closure of sick PEs. Accordingly, in December 1991 alone, 49 industries were identified for closure. But it was stated that any closure would be a matter of last resort. Similarly, an attempt was made to cut many subsidies, although the finance minister had to back off when he suggested cutting the subsidy for fertilizers.

The finance minister claimed that in 1992 alone Rs. 25 billion were realized due to such a disinvestment of PEs. This disinvestment was not without controversy, however. It was done in great haste to start with. Several enterprises were “bundled” together contrary to the original proposal of dealing individually. Noncompetitive bids were accepted, and sale of shares was restricted to a few financial institutions. Consequently, the Public Accounts Committee in its report for the years 1991–1992 commented about the “glaring acts of omission and

commissions,” which resulted in “incalculable loss” of share capital.⁸ It is said that the government realized only 60 percent of share values that it divested. Yet, further rounds of disinvestments occurred and are continuing.

Under the NEP, eight industries were reserved for the public sector: arms and ammunition; defense aircraft and warships; atomic energy; coal and lignite; mineral oils; mining of iron, manganese, and chrome ores, gypsum sulphur, gold, and diamonds and mining of copper, lead, zinc, tin, molybdenum, and wolfram; railways; and other minerals specified in the Schedule to the Atomic Energy. Eighteen industries were identified that require industrial licensing. But industrial licensing to the private sector was altogether abolished in certain sectors such as small-scale and ancillary industries (with Rs. 6 million to 7 million investment).

In terms of foreign technology agreements in high-priority areas, payment of up to Rs. 10 million would get automatic permission. Similarly, foreign investment was made easy. In high-priority areas, priority would be given for investment up to 51 percent of foreign equity. Several industries for such an automatic approval are identified. No permission would be needed to hire foreign technicians.

But the NEP was successful: India had pulled itself out of its economic rut. Foreign exchange was built up. Large-scale new investments, both from within and from abroad, occurred. Several multinationals started moving to India, including those that had been kicked out of the country in the past such as Coca-Cola and IBM. The society turned toward consumerism. However, although liberalization was understood to have done away with the pernicious practice of giving permits and licenses—a process that was abused—the new scheme did not stop corruption. Instead, one saw mega scams involving several high-level politicians. And whatever gains were made did not trickle down to the masses.

COALITION GOVERNMENTS

Into this suspect atmosphere came a troublesome political development in the form of coalition governments. After the 1996 general elections, as no party got the majority to form a government, the president asked first the BJP—the single largest majority party—to form a government. The government of Atal Behari Vajpayee lasted only 13 days. It was followed by a government formed by a United Front, consisting of 13 other parties—thus coming to be known as a “government of 13 losers.” Congress (I) supported this government from outside without being a part of it and for odd personal reasons pulled the rug underneath the prime minister, Deve Gowda. He fell within months and was succeeded by Inder Kumar Gujral, again of the United Front (Tummala, 1998). Gujral lasted seven months when again Congress (I) denied its support. The nation was subjected to yet another general election within two years. Although the United Front (UF) government developed a “common program” that ensured some min-

imum agreement, its critics claimed that the UF's program was to keep BJP out of power. Such a negative purpose of a tentative government would of necessity be least conducive to development of the country.

The February–March 1998 elections also failed to produce a party with a majority. But neither the Congress (I) nor the United Front had shown any great enthusiasm to form the government. The BJP in alliance with 14 other parties formed a government on March 19, 1998, and proved its strength by a thin margin. All this political instability of the last 18 months gave little chance for anyone to pay serious attention to economic growth or other social problems. The governments were too busy keeping themselves in office to be doing anything meaningful. As Manmohan Singh, former Congress (I) finance minister, said in a recent interview: “the uncertainty of the last 18 months” has been the cause of the lag in private sector investments.⁹ The down-slide of the economy may be seen from the following statistics.¹⁰

	<i>Growth in percentages</i>	
	<i>1996–1997</i>	<i>1997–1998</i>
GDP	6.8	5.0–5.5
Industry (1st half)	11.2	4.5
Agriculture	5.0	1.0–2.5
Exports	7.7	5.2
Fiscal Deficit	5.0	5.2–5.5

While economic growth was indeed stunted given the political uncertainty, no one in fact abjured the liberalized economic reform policies. But there was one exception. The BJP has been advocating what they call *Hindutva*—Hinduism—which is interpreted not only as fundamentalist nationalism but on occasion is condemned as being chauvinist and fascist. Their economic slogan was *swadeshi*, which means dependence on self, indigenous entrepreneurship. This is thought to be retrograde and anti-foreign. As they took power in March, to be able to keep the coalition together, they had to shed some of their radical views and develop a “national agenda” acceptable to all the constituent parties of the coalition. Their finance minister, Yashwant Sinha, while reiterating that they would pursue the economic reform of the previous governments, explained that they would like to “calibrate the process of globalization carefully.” Soft-pedaling the concept of *swadeshi*, he stated that the approach would be to “protect and promote” national interests but not to “defend inefficiency.” And they would look at foreign investment in a “positive manner.” It should also be noted that they have in their cabinet a George Fernandes as minister for defense who thundered at election time that multinational corporations (MNCs) and their agreements would be “probed.” (He was a cabinet minister when Coca-Cola and IBM were ejected from India in the late 1970s.) Thus, the opposition parties,

particularly Congress (I), have started criticizing BJP for having a hidden agenda despite its “national agenda” which was thought to be just a front to appease its coalition constituents. Thus, it would be of interest to see how long this government would last and what effect it might have on this experiment of liberalized economy.

CONCLUDING OBSERVATIONS

It is now time to draw some conclusions. All the thoughts emanating from the analysis of previous reform attempts as shown in the beginning are relevant even now, except some may be highlighted here. First, reforms have largely been the products of an ideology, be it democratic socialism of the past, the New Economic Policy, or the current professed *swadeshi*. Interestingly, however, although no one seriously refers to democratic socialism these days, almost all talk is of secular democratic values with social justice. Second, there has been no dearth of reform attempts in India; if any, they are numerous and voluminous. Third, they are all intellectually well conceived but largely ignored in practice. Fourth, they have also tended to be implemented when they are populist, regardless of their merit, as is seen from reservations for OBCs. Fifth, they have succeeded in their implementation when backed by the necessary political will, though on occasion some reforms were simply the products of political expediency. Such was the case when BJP stressed that it would continue with preference and support minorities while denying the very existence of minorities not too long before. A similar situation obtained when the opposition parties that ridiculed Rajiv Gandhi’s decentralization plan accepted the same (with some minor modifications) as presented by his successor, who was of the same party. Sixth, there appears to be a lack of a comprehensive strategy, despite the fact that reforms are ideologically driven, as is evident from the absence of any new developments in the recruitment, selection, and training of civil servants, for example, in spite of the fact that the economic functions of state kept changing.

Seventh, some of the reforms and the basis on which they were advocated do not stand the test of strict empirical examination. The Mandal Commission’s criteria to decide on the backwardness of people is a prime example. Eighth, public service is still seen as a step of last resort, despite the growth in the private sector, as may be seen from the fact that the Fifth Pay Commission’s recommendation to reduce the size of the civil service was not accepted, but the pay raises were accepted at a great drain to the exchequer. Ninth, resistance from entrenched parties stood in the way of several reforms, as is evident from the IAS’s domineering position and the selective implementation of the Fifth Pay Commission’s recommendations. Thus, one is reminded of the Machiavelian observation that any reform has two enemies: those who are being benefited by the current arrangement and the very human gullibility. Finally, the new phenomenon of coalition governments at the national level causes some serious

problems, leading to political instability which is deleterious to development in many ways while encouraging reform measures that tend to be largely expedient. These also appear to be contradictory in that there is no one belief system, or ideology, but rather an amalgam of a variety of often competing and contradicting regional and even individual political demands. Thus, one can notice a move away from ideology toward compromises, or even pragmatism, through a product of self-interest and preservation. Perhaps this coalition phenomenon is the most serious one to watch. It is hoped that the last two years' experience taught the people not to elect fractured parliaments and to instead let the party leaders work out their parochial and personal interests and pursue national interests. When all is said and done, Indian reform attempts have been intriguing.

What effect has the Asian financial crisis had on the Indian economy, and how much political stability can be provided are two current crucial issues in India today. Although the first crisis seems to have passed, the answer to the second is anyone's guess. At least the BJP government began talking about a consensual approach. Reflecting the government's intent, the president of India, K.R. Narayanan, in his speech opening the new Parliament, stated that the government now seeks to "unify, not to divide." Debate and discussion would replace "narrow antagonism of the past" with "cooperation, conciliation and consensus" as the watchwords. Thus, the current BJP government has a lot to prove.

As a postscript, it should be noted that in early May 1998 the BJP government exploded five nuclear devices, after a 24-year gap, stoking Indian pride but bewildering the rest of the world. The United States in particular reacted swiftly and tried in vain to have the G-8 launch economic sanctions. Although the BJP is now running on the crest of the nation's nuclear capability, its potential political and economic fallout is worth watching. Some dramatic changes might be seen in the near future not only in India and the whole of South Asia but also in Asia as such, not knowing how Pakistan and China would react. If indeed economic sanctions were to be unleashed, the Indian scene would change dramatically in ways that cannot easily be predicted.

NOTES

1. The Indian National Congress, commonly known as the Congress Party and in its current incarnation as Congress (I), came to power after independence and continued until 1977. Consequent to the Emergency declared by Prime Minister Indira Gandhi, at the 1977 general elections the Congress (I) was defeated, only to return to power in 1979. It lost again in 1990 but came back to power in 1991, and it lost again in 1996. Interestingly enough, without ever obtaining the majority vote (but only a plurality), it did provide majority governments. Even at its height of power when Rajiv Gandhi led it to power in 1984 with 415 of the total 542 seats in the lower House of Parliament, the *Lok Sabha*, the Congress (I) garnered only 48 percent of the total polled votes.

2. This, however, is not to say that India did not have any indigenous administrative

tradition. Perhaps the best treatise on administration may be seen in Kautilya's *Arthashastra*, written sometime between 321 and 296 B.C.—a work that outdoes Machiavelli's *Prince* of 1513. for an English translation, see, R. Shamasastri, *Kautilya's Arthashastra*, 8th ed. (Delhi: Mysore Printing and Publishing House, 1967).

3. The Commission's member-secretary was M.K. Kaw, an IAS officer himself who supposedly tilted the balance in favor of the IAS group. Other services such as the Indian Revenue Service (which is a central government Service and below the IAS) resisted Kaw's appointment precisely because of such a fear. There was a report that the IAS officers had tried to get Kaw appointed as expenditure secretary in the Ministry of Finance to facilitate implementation of the recommendations, in particular the new pay scales. See *Indian Express* (New Delhi), February 3, 1997, p. 1.

4. *State of Madras v. Champakam Dorairajan*, AIR 1951 226.

5. See "The Great Disclosure," *India Today*, January 12, 1998, pp. 26–31.

6. *Economic Survey: 1994–95* (New Delhi: Economic Division, Ministry of Finance, Government of India, n.d.).

7. *India's New Economic Policies*, Statement on Industrial Policy, placed before Parliament on July 24, 1991.

8. *The Hindu International Edition*, May 14, 1994, pp. 9 and 10.

9. Interview, *The Hindu International Edition* (Madras), February 21, 1998, p. 9.

10. Chart from *India Today*, December 22, 1997, p. 29.

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Chapter 4

Administrative Reform in Bangladesh: An Unfinished Agenda

Habib Zafarullah

INTRODUCTION

During the 1990s, several developing countries embarked on the business of reforming their public administrative systems. In very few instances, the incentive for change was generated from within; that is, it was driven by high levels of political commitment or buoyant bureaucratic support. In most instances blasé political executives and conservative bureaucracies needed external stimulation to engage in planned exercises to transform their administrative systems into productive tools of nation-building and development. In the former case, political executives receptive to the positive impact of governmental reform in advanced industrialized societies and other developing nations showed enthusiasm in accepting and adapting new administrative forms and techniques in state management. In the latter, the push came mainly from international organizations—the World Bank, the International Monetary Fund (IMF), the United Nations Development Programme (UNDP), the British Overseas Development Administration (ODA), and the Asian Development Bank (ADB)—which made development aid and cooperation to these countries conditional upon the implementation of political, economic, and administrative reforms according to the standards of “good governance” advanced by them in the late 1980s and after.

Western governments and the international donor community, by and large, link policies for economic assistance to the developing world to the state of democracy and human rights obtaining there. Aid or its quantum is contingent upon the degree of compliance to the democratic governance benchmarks which they stipulate. Therefore, Third World governments conforming to the prescribed criteria of good governance—pluralism, legitimacy, democracy, transparency, accountability, decentralization, policy ownership, governmental

integrity, and the state's capacity to govern effectively (Moore, 1993; World Bank, 1989)—and formulating and implementing sound economic and social policies are rewarded with more funds and improved technical and economic cooperation (Chalker, 1991).

The World Bank and the IMF stress restricted state intervention in economic affairs, a free and competitive economy controlled by market forces, and improved delivery of public services. Structural adjustment was prescribed as the key activity in achieving these objectives, and the strategies included deregulating the economy, decreasing the public sector, privatizing state enterprises, rightsizing government, and adopting realistic economic and social policies (Leftwich, 1993: 607).

Since the World Bank formulation in 1989, the good governance paradigm has been enlarged, refined, and reconfigured with inputs from other international organizations and academia. Some of the original elements have been highlighted as critical, while new elements have been added to the paradigm. This has been done to realistically adopt good governance principles in specific country situations. Good governance has therefore been reconstructed to include the reconfiguration of the state's role in economy and society, creation of a balance between national and sub-national power centers, decentralization of power and authority from the center to the periphery, improvement of government capacity building, a constructive public-private interface, a state-civil society partnership in development, and enhancement of people's participation "to ensure ownership and beneficiary support for development initiatives" (ADB, 1997: 9). In order to achieve these aims, a government must be equipped with appropriate institutional mechanisms and capabilities. Existing structures and processes may need to be overhauled or even replaced by new systems addressing elements of the governance paradigm. Herein, a scheme for wide-ranging administrative reforms assumes centrality.

Although an internally induced administrative reform agenda can provide beneficial results, not all governments in developing countries have been able to develop their own agenda. As indicated before, governments had to be externally driven or even supported by the donor community to design "a coherent, overarching strategy . . . detailing the set of tactics by which the strategic goals [would] be achieved" (Nunberg and Nellis, 1995). A balance between top-down and bottom-up reform approaches will be more effective in producing results. It is important for a political executive to use persuasion and manipulation in executing a comprehensive reform plan incrementally rather than rushing through it. Instead of using coercion, it should focus on confidence-building in the bureaucracy and make it a major participant in reform implementation (Esman, 1991: 139; see Werlin, 1992: 204).

It has been argued that some degree of caution must be applied in promoting and transposing approaches and techniques from one country to another to offset counterproductive results. It is important that "the optimal approach to reform is best informed by [a country's] own circumstances, priorities and capabilities"

(ADB, 1998: 5). The peculiar social, political, and economic values and sets of specific demands in a country can serve as vital inputs in designing the scheme of governance to be applied there. There is “no standard formula . . . for fostering an acceptable level of state management and good governance” (Martin, 1992: 335). The prevailing political and bureaucratic cultures are also critical variables; any attempt to impose unfamiliar practices or introduce new techniques may be resisted by the people, politicians, and bureaucrats.

Improving the efficiency of the civil service and the performance of the public sector are key elements of administrative reform in developing nations today. The World Bank, ADB, UNDP, and the Special Program Assistance for Africa (SPA) have provided their own sets of parameters for administrative reform that are linked to the overall thrust of good governance accountability (building government capacity); participation (participatory development processes); predictability (legal frameworks); and transparency (information openness) (ADB, 1997: 9). Specifically, the World Bank’s parameters include downsizing of the public sector, including the civil service, accompanied by compensation reform, capacity building to “do more for less” by equipping the public management system to implement structural adjustment programs, and improving accountability and performance (World Bank, 1998: v). Functional-organizational restructuring, revision of the regulatory framework for public administration, decentralization, and creating institutional structures to manage reform are also significant target areas (World Bank, 1999a).

The UNDP links administrative reform to notions of good governance such as bureaucratic accountability and transparency, freedom of information, gender equality in the civil service and the public sector, and public service efficiency and effectiveness. It calls for making the administrative system “responsive to the needs of the people, facilitative rather than controlling,” and operating “according to the rule of law” (UNDP, 1997: 19–20). The World Bank’s “market-based” approach to reform (“bringing balance to government pay and employment practices”) is limited in UNDP’s assessment as it has the potential of creating dissatisfaction in the bureaucracy, producing, in turn, resistance to reform implementation. It proposes an alternative human resource development approach based on the premise that capacity building should accompany civil service reform rather than follow it (UNDP, 1995: 57–58). The World Bank has now redefined the parameters of reform that incorporate the following dimensions: (1) adopting deeper and slower pay and employment reforms; (2) linking civil service reform with other institutional reforms; (3) moving from a project to a program approach; and (4) emulating examples of smart governments (World Bank, 1999b).

The SPA’s guiding principles on civil service reform are geared to enhance and sustain the effectiveness and performance of national administrative systems. These are concerned mainly with revenue administration, financial and personnel management, policy formulation, and other aspects of structural adjustment. The purpose “is to combine restructuring with capacity building [to]

ultimately enhance the overall performance of the civil service” (Wescott, 1999; SPA, 1995).

Administrative reform is a major dimension of sound governance. In fact, reforms of the machinery of government are fundamental for accomplishing other goals of governance in newly democratizing polities. An efficient, service-oriented, accountable, and honest bureaucracy is necessary to (1) help consolidate democracy (by providing nonpartisan administrative support to the electoral process, establishing the rule of law, working within the bounds of a legal framework to ensure human rights, and being acquiescent to an independent judiciary); (2) facilitate the operations of a liberal economic system (featuring budgetary controls, deregulation, corporatization, privatization, and competition); and (3) create an enabling environment for nation-building and socioeconomic development (decentralization, people’s participation, state–NGO synergy). Appropriate structures, organizational mandates, operating principles, accounting practices, and performance evaluation techniques need to be institutionalized before the other goals of sound governance can be accomplished.

Bangladesh, a least developed country, has been in the process of democratizing its polity since 1991 after the overthrow of the military-backed authoritarian regime by a mass upsurge. One challenge faced by the first democratic government was to reform the public administrative system, which, in the past, had faithfully served authoritarian regimes but now lacked the essential arrangements, temperance, and motivation to serve democratic regimes. The new Bangladesh Nationalist Party (BNP) government was slow to respond. On the contrary, it chose to reverse some of the positive administrative changes that were effected by the regime it replaced. During its five-year rule, administrative reform was not one of its priorities. The major opposition—the Awami League (AL)—expressed cynicism of the government’s desultory handling of the reform issue. Yet, when it itself assumed power, it followed in the footsteps of its predecessor. The international donor community (IDC), became wary of the BNP and AL governments’ intents and initiated its own inquiries into the administrative system and produced blueprints for reform at different times. These blueprints were ignored; apparently, both governments felt affronted by the IDC initiatives and the risk of losing policy ownership. On the other hand, to portray their commitment to reform, both appointed reform planning bodies that have served no practical purpose.

This chapter examines the IDC administrative reform initiatives and governmental responses. It attempts to identify the reasons for the failure of the two democratic governments to accept IDC reform plans or to use them as premises for their own reform strategies. We begin with a review of governmental reform efforts before democracy was reinstated in 1991.

THE CONTEXT AND PAST REFORM INITIATIVES

At independence, Bangladesh inherited an institutional bureaucracy that was elitist in character, illiberal in its outlook, overly formalistic in its operational

style, and intolerant of political control (Zafarullah et al., 2000). The civil service was in disarray, fragmented, and disoriented, and parts of it were highly politicized. It required complete transformation to effectively respond to a new set of social, political, and economic demands. The existing civil service system was not attuned to work under a parliamentary framework; bureaucrats of all genres were used to working in a highly centralized structure and were insulated from political intervention in their routine activities. Prior to independence, they framed and implemented policies with limited inputs from external sources, capriciously decided nation-building priorities, exercised the utmost discretion in applying rules and allocating resources, and unabashedly articulated their interests. This situation had to change, and the political executive that took charge was initially sensitive to the issues at stake.

However, other post-independence matters received primacy. The government had to reconstruct the war-torn country, rehabilitate millions of displaced people, protect the economy from the impact of global recession, maintain law and order in a violence-ridden environment, and contain political dissent. Its other important task was to frame the constitution to provide political direction to a confused nation. It was also preoccupied with consolidating its political position in the face of continued overt and covert threats (Maniruzzaman, 1980).

Pressure from reformists within the ruling party and especially concerned groups in the intellectual community as well as the political leadership's long abhorrence of the colonial-styled bureaucratic system were instrumental in the appointment of a high-powered reform body—the Administrative and Services Reorganization Committee (ASRC).¹ The Committee initiated a comprehensive inquiry into the working of the public administrative system and recommended some significant measures that were fairly advanced and somewhat radical relative to what the bureaucracy was used to working with. Apart from presenting a new scheme for civil service management that featured a single classless grading structure within professionally oriented functional categories, the ASRC recommended a decentralized governmental structure that delimited the jurisdictions and powers of the central and sub-national governments (ASRC, 1973).

The ASRC and its reform plan were a natural product of a changed political scenario that provided an opportunity to break with the past. Yet the government's want of commitment, bureaucratic resistance and political and economic reasons were hindrances to reform delivery (Khan and Zafarullah, 1982). Until 1976, civil service reform was kept in abeyance, and the elite generalist corps, intent on maintaining its privileged position in the governmental structure, obtained some respite from political malediction that was directed toward it in the initial years of independence.

The two spells of military rule gave administrative reform a boost. The reforms carried out by the first (Zia regime) were consolidated and expanded by the second (Ershad regime). There were several reasons for this. First, the two military rulers were keen to put the administrative system in order—to create a new ethos for the internal labor market of the civil service (classification, de-

ployment rules, job security rules, reward structure, and wage rules), restructure training and development, stipulate personnel codes of conduct, and redefine the relationship between the government and statutory bodies—mainly to justify military takeover. Second, reforms became necessary to embark on vigorous social-economic programs at the grassroots to demonstrate the regimes' intentions to bring development closer to the people. Third, the regimes had to respond to the IDC's structural adjustment pressures, adopt marketization policies, and facilitate the private sector's involvement in the economy. Finally, to broaden their political base, both Zia and Ershad had to obtain the people's endorsement, trust, and confidence, and the appropriate strategy to do that was by delivering their initial promise to provide efficient and effective government. Initially, both were successful, despite several of the Zia government's change-but-no-change policies and failure to create a win-win situation for private entrepreneurs to invest in business and industry (Kochanek, 1993: 94).

The second military regime attempted to fill the void by extending the reform initiatives of its predecessor. Its decentralization policy was designed to discard the highly centralized political and administrative structures that Bangladesh had inherited from British colonial rule via its association with Pakistan. However, the decentralization experiment became a victim of bureaucratic obstinacy and arrogance and thus could achieve little. The bureaucracy failed to come to terms with the imperatives of decentralization that focused on delegation of authority to lower levels of the administration, developing linkages with quasigovernmental and nongovernmental organizations, civil servants serving under the direction of the local political leadership, and establishing rapport between the bureaucracy and the people at the grassroots. The new system demanded people's participation in the management of local affairs and their active involvement in developmental planning. But the bureaucracy was not too keen to attune itself to these requirements (Zafarullah, 1997).

A new industrial policy provided the impetus for privatizing state-owned enterprises (SOE) and promoting the private sector. The public sector was subjected to some degree of restructuring. Attempts were made to establish performance monitoring techniques, undertake capital restructuring, and implement pricing reforms (World Bank, 1984: 26; 1985: 86). Ershad maneuvered extensively with 10 different committees constituted at different levels and often with similar purposes to help him find the right arrangement for state administration, but only a few of them produced the desired results (Khan, 1998: 100–112).

As usual, the bureaucracy viewed the reforms with caution and was concerned by the ramifications of their longer term impact on its own location in the governmental power structure and in the emerging government–business relationship. With the huge reduction in the number of statutory bodies through amalgamations or mergers, senior bureaucrats, who had benefited from being placed at their helms, were redeployed in ministries or departments and suffered perquisite losses. While the regime–higher bureaucracy rapport during military

rule had solidified, each benefiting from the relationship, it also created dissent among the rank-and-file in the civil service regarding prolonged authoritarian rule. In the end, the bureaucracy lent its unqualified support to the people's struggle against authoritarianism, and before the projected reforms could be firmly put in place the regime was overthrown.

Until the beginning of the 1990s, administrative reform had a limited agenda. It was mainly centered on the anatomy (structural reform) and physiology (procedural reform) of the administrative system rather than on the ramifications of the operations of government on society and economy. The reform efforts were essentially guided by the premise that a well-structured civil service system responsive to the political leadership would be capable of delivering the social and economic policies of the government. These were also influenced by the notion that state intervention was imperative to ensure rapid nation-building and economic development. Thus, the reforms initially approximated a technical orientation—standardizing the staffing process, experimenting with new training regimes, and establishing “rational” pay packages. Later, with the withdrawal of socialism as one of the state ideologies, the state's economic stance was redefined to incorporate market principles in economic management in line with trends in other countries. The agenda of administrative reform had to change. It could no longer be merely bureaucratic; a new public management system responsive to the forces and impact of globalization and marketization became indispensable.

The United States Agency for International Development (USAID) initiated a comprehensive review of the administrative system before democracy was restored. Diluted accountability, overcentralized administration, complex operating procedures, weak support systems, and inadequate human resources were detected as some of the key elements that impaired bureaucratic efficiency and performance. Taking a holistic view of the governmental system, the USAID study recommended the delegation of more authority to lower echelons of the administrative structure, rationalization of the decision-making process at all levels, improvement of organizational effectiveness, strengthening of the supervisory capacity of top management, streamlining of staffing procedures to raise the quality of personnel, augmentation of training and executive development processes, reward of good performance through a range of incentives, and modernization of equipment and procedures (USAID, 1989).

DIMENSIONS OF IDC INTERVENTIONS

The structural adjustment initiatives begun by the military rulers were expected to be continued by the new democratic governments in the 1990s. The BNP government initiated moves to liberalize the economy and the financial sector. Apparently, the government was taking on a new role—that of a facilitator rather than a regulator in economic management (Ahmed, 1994). But, in reality, the government stumbled in deregulating the private sector, privatizing

SOEs, or improving government–business relations. The regulatory environment was not congenial and encumbered the smooth transition to a liberal economic system (Humphrey, 1990: 136). Convoluted procedures impaired decision making, and private investment suffered because of bureaucratic impediments. Central coordination in economic and financial management was affected due to unclear definition of the roles of different ministries involved in financial matters (Zafarullah, 1996: 154).

When the economic liberalization program was launched with great fanfare, expectations were high about administrative and financial reforms improving the state's implementation capacity (World Bank, 1993: 26–28). However, the new BNP government was very circumspect initially. The World Bank expressed consternation at the government's lack of political commitment to administrative reforms (World Bank, 1995). The Aid Consortium for Bangladesh categorically pointed to the need to improve the efficiency of the bureaucracy by restructuring government institutions, reducing bureaucratic discretion, improving work incentives, expanding administrative training, and strengthening accountability (*Daily Star*, April 28, 1995).

In the meantime, the UNDP, responding to the inconceivable indifference of the BNP government, made an in-depth study of the organization and structure of government, civil service management, performance and accountability, decision making, and human resource development. The UNDP sought to assist the government “in developing a performance-oriented neutral civil service and a responsive and accountable administrative system to support parliamentary democracy as well as sustainable development” (UNDP, 1993: 1).

At about the same time, the British ODA (now known as the Department for International Development, or DFID) also sponsored a study undertaken by a team of senior bureaucrats from Bangladesh. Their report was based on the experiences of other countries, especially Britain. The team proposed that administrative reform must be an ongoing, incremental process producing moderate changes so that the existing administrative system was not destabilized (GOB, 1993: xvi).

The World Bank review of the mid-1990s was another attempt to arouse the government from apathy. In 1996 it came out with a holistic proposal for governmental change based on its good governance paradigm incorporating the principles of new public management. It pleaded for “[a] quantum leap in efficiency and effectiveness of the government . . . if Bangladesh [was] to accelerate and sustain growth, reduce poverty, anticipate the opportunities and challenges of the future, and enable its enterprising citizens and private sector to realize their full potential and compete in a fiercely competitive global market” (World Bank, 1996: ii). The report focused on (1) the boundaries of the public sector; (2) accountability and responsiveness; (3) the corpus of administrative rules and regulations; (4) policy and decision-making processes; and (5) civil service management.

Structural-Functional Issues

The UNDP study corroborated earlier findings (Zafarullah, 1987) that structural, procedural, and behavioral constraints had wide ramifications and inhibited the administrative system from efficiently performing its task. A centralized structure, antiquated procedures, and a bureaucratic culture characterized by elitism, conservatism, and malevolence vis-à-vis politicians were key features. Subsystem autonomy and distinctiveness made the bureaucracy such an entrenched and powerful force in society that political institutions and politicians often had to play a lesser role in policy making. Bureaucratic apathy, parochialism, and lack of commitment, as well as the inexperience of ministers in democratic governance, were prime reasons for the government's poor performance.²

The reconfiguration of the machinery of government through a reallocation of functions among ministries, departments, statutory bodies, and local institutions was a key UNDP proposal. Governmental reorganization should conform to the principles of compactness, coherence, and coordination, and to better manage the system, ministries or departments may be amalgamated, merged, or even abolished (UNDP, 1993: Appendix 2).

The policy and decision-making processes required a systematic database pertaining to governmental finance, personnel, and performance. Consultations with interest groups, experts, and advisors in formulating feasible public policies and the involvement of client and beneficiary groups in policy implementation were identified as critical inputs to the overall policy process. This must be supported at all levels by skilled staff adept in understanding policy issues. Decision making could be simplified by adopting intelligible rules and by delegating responsibility down the hierarchy. Corporate planning and collective decision making at various strata would ease the coordination problem, it was suggested. All branches of government should have access to information for keeping track of governmental operations (UNDP, 1993: Appendix 2).

The World Bank, in keeping with its usual direction, proposed a smaller public sector with limited state intervention in the core public functions. Rightsizing government has been linked to the issue of privatization (unbundling and contracting-out activities), enlarging the domain of nongovernmental organizations, and strengthening the local government system (World Bank, 1996: iv, 11).

Administrative Corruption

Skepticism about the integrity and honesty of civil servants abounded: "corruption was not limited to the more obvious branches of government, but was all pervasive and crept up even into the higher levels affecting policy formulation and systems for redress" (UNDP, 1993: 52, 101). This observation of the UNDP was confirmed by the report of another international agency which stated that "rent-seeking corroded the judicial, administrative and commercial machinery of the country. Access can, and frequently does, have its price. Officials

simply do not take action without sufficient ‘encouragement’ ” (FIAS, 1993, quoted in UNDP, 1993: 52).

The ODA study stressed the need for “just and honest government” as a precondition to the country’s economic development. Revision and updating of all existing laws and building the institutional capacity of relevant government organizations to combat corruption have become imperative. The Bureau of Anti-Corruption lost its usefulness as an effective mechanism for the purpose it was created. It still operates with outmoded laws within an organizational framework that is not supportive of its function as an investigative agency (GOB, 1993).

Corruption in Bangladesh, according to the World Bank, is due to high levels of bureaucratic discretion, public sector monopoly in certain commercial activities, weak accountability mechanisms, low civil service salaries, opacity of the regulatory environment, inadequate public access to information on governmental operations, and the influence of powerful business interests (World Bank, 1996: 69–70).

Bureaucratic Performance and Accountability

To ensure accountability, the UNDP emphasized annual reporting to the chief executive and parliament by all ministries on their performance, strengthening of the Audit Office by according it greater independence, and creating the Office of the Ombudsman, which was embodied in the country’s original constitution in 1972 but never established. To further embed accountability in the administrative system, it recommended the establishment of a results-oriented management system by introducing strategic planning at all levels of the administration, applying performance criteria and developing internal audit capability, and integrating planning and budgetary systems, linking them to development activities (UNDP, 1993: Appendix 2).

Morality in the civil service, the ODA team affirmed, was a complex issue; there has been a tendency to evade the rules relating to the conduct of government personnel. Existing codes for many aspects, notably membership of trade unions or commercial employment after retirement, are ambiguous (GOB, 1993: 81–82).

Ministerial responsibility, a doctrine of the Westminster system,³ could be emphasized and sustained in the emerging democratic polity in Bangladesh. It may be assumed that the authors of the report—all bureaucrats—wanted civil servants to be protected by the doctrine for their deeds (and misdeeds) and let their ministers shoulder all the responsibility (GOB, 1993: 83). Perhaps they were unaware that the doctrine has outlived its significance in Britain and in other parliamentary democracies and that civil servants now have to defend their actions (Emy and Hughes, 1991: 350).

In dealing with the notion of open government or transparency, the ODA team took a circumspect view. It fell short of recommending freedom of access

to information by the public, and it believed that transparency was related to the level of political and economic development of the country. The report argued that Bangladesh, being a new democracy and a least developed economy, must be prudent in opening up its governmental system to outside attention. The World Bank differs on this point and calls for opening the channels for increasing citizens' access to information on governmental policies and decisions, replacing the Official Secrets Act, and freeing governmental documents from semantic and legal jargon (World Bank, 1996: 73–74).

All three agencies stressed the symbiotic relationship between transparency and accountability and proposed strengthening democratic institutions (e.g., parliament). The audit office and the appointment of an ombudsman were imperative in ensuring accountability in administration (GOB, 1993: 46–58; UNDP, 1993: 106).

Financial Management

The ODA hired a private firm to review the government's financial system in 1993. Several deficiencies were discovered. The system was entangled by both departmentalization and decentralization. Although the move was toward the latter, it was not fully operationalized. The audit and accounting functions were still fastened together, although there was a demand for their separation. As a management tool, as an allocator of resources, and as a control mechanism for controlling and monitoring public expenditure, the budget has been ineffective. Budget management has been affected by old-fashioned or convoluted rules and the shortage of trained personnel to comprehend and apply state-of-the-art budgetary principles. Financial accountability was unobtainable because of bureaucratic intervention and the lack of an independent audit environment. The autonomy of the Office of the Comptroller and Auditor General, a constitutional agency, was yet to be recognized.

The UNDP supported the ODA plan for reforming the government's financial system. Some of the specific recommendations were: compiling budgetary rules and regulation under one cover, simplifying the budget format, compressing and integrating the budget calendar, making the budget more forward looking, improving coordination between revenue and development budgets, creating a budgetary control unit within the Finance Ministry, separating auditing and accounting functions, decentralizing the accounting system with the district established as the main accounting center, and formulating New Accounting Standards (UNDP, 1993: 16–17).

The UNDP had called for establishing results-oriented management systems, applying performance criteria and measures, and developing internal performance audit capability in all governmental organizations (UNDP, 1993: Appendix II, p. 2). The World Bank prescribed a more powerful audit office to apply more rigorous principles in postulating financial accountability, linking the budget system to outputs. An effective audit system, it has been argued, will also help

enhance responsiveness to citizens' demands and make governmental operations more transparent (World Bank, 1996: 56, 64, 66).

Reforms in budgeting and expenditure control have been highlighted as the most successful in the country. These reforms have led to some significant results such as production of the national budget by computer, computerization of all principal accounts offices, and consolidation of the accounts system (GOB, 2000). In fact, financial management has been one area in which some success has been obtained but positive results will flow only if financial discipline is enforced by reforming the internal or corporate governance of state-owned bank and credit institutions and strengthening the regulatory and supervisory capacity of the central bank (World Bank, 2000).

Civil Service Management

Civil service management as an area of reform has received special attention. The UNDP experts emphasized that the distinction between cadres must be removed and gradually the rank classification structure should be replaced by a system based on positions. The prevailing practice of reserving key positions for generalists must be discarded, and specialists must be provided opportunities for advancement to the top of the hierarchy. The staffing process emphasizing merit, access, and equity would make the bureaucracy more representative of the population. An equitable compensation system and uniform conditions of service will have the potential to enhance morale among all categories of civil servants. Transformation of the Public Service Commission into an independent central personnel agency with powers and responsibilities for managing the civil service in its entirety will be necessary for creating and sustaining a neutral, professional, efficient, and responsive civil service (UNDP, 1993: Appendix 2).

The ODA team found several drawbacks in the civil service staffing system relating to the application of quotas in recruitment and the criteria used in promotion. It argued for a revision of the quota principle in line with the present demands for providing greater access to women and ethnic minorities and changes in the promotion rules that were "overwhelmingly in favor of the incompetent and the inefficient" (GOB, 1993: 4). The team did not, however, suggest any criteria for promotion but instead hinted at making the process transparent so that political considerations did not affect decisions (GOB, 1993: 14). Nonetheless, it was emphatic about creating "incentives for achieving pre-determined standards of performance," akin to "bonus payments" made to personnel in the public sector. However, in the case of civil servants, such incentives needed to be linked not to individual but to agency performance (GOB, 1993: 24–25). Individual performance should only be appraised and used for deciding promotions, although there was confusion about the existing system of performance appraisal.

Training and development were of particular concern to the ODA-sponsored team. It called for a thorough review of the public administration training policy,

which should highlight needs assessment as a crucial input of the training process. Training programs must be designed to focus on “attitudinal change in the public service so as to make it consistent with the working of a democratic government” (GOB, 1993: 67). The UNDP study argued that training programs developed on the basis of systematic needs assessment would produce a motivated managerial work force at the higher levels.

The World Bank study endorsed most of the UNDP recommendations regarding civil service management. In addition, it prescribed a more proactive lateral entry policy, more contractual employment, decentralized recruitment, depoliticization of the promotion process and linking it to performance, augmentation of training programs, financial incentives for meritorious performance, and improvement of public service values (World Bank, 1996: 128–142).

Politics–Administration Nexus

The political agenda of reform, especially the relationship between the bureaucracy and the institutions of government which was never an issue for past reform planning bodies in Bangladesh, was an important facet of the IDC reviews. In line with the good governance paradigm, the World Bank called for a reassessment of the politics–administration nexus. The question of political control over the administrative structure is a key element in the relationship. The changeover to the parliamentary system in 1991 was expected to be accompanied by an expansion in the legislature’s role in controlling the bureaucracy and enforcing accountability. But this has not happened (World Bank, 1996: 52). Civil service neutrality and the political role of higher bureaucrats have assumed importance in the context of the new public management paradigm. Bureaucratic accountability and performance will depend to a large measure on the way the political executive and the bureaucracy relate to one another.

Reform Implementation

UNDP, unlike previous reform planning bodies in Bangladesh, prescribed a strategy for implementing its reform scheme. The principal elements of the strategy were transparency, results-oriented performance, and accountability. It also proposed the creation of a representative body to oversee the implementation process (UNDP, 1993: 111–112). It suggested two sets of interlinked measures: consolidation measures based on “existing realities and perceptions and require[d] immediate remedial actions” and reform measures “geared to developing a more responsive, transparent and accountable administrative system and a performance-oriented civil service to support parliamentary democracy as well as durable development.” The reform measures were to follow the consolidation proposals so that an ongoing reform process could be injected into the system (UNDP, 1993: 105).

Aware of past governments’ failure in handling administrative reforms, the

World Bank assumed that adopting and then implementing the recommendations would be a difficult proposition given the bureaucracy's reputation of being invariably resistant to reform and change. The question of "unequivocal and sustained political commitment" was identified as another critical factor. "An overarching vision is needed," it has been stressed, "to . . . provide the institutions implementing reforms with the clout and framework to forcefully pursue their agenda" (World Bank, 1996: xix).

GOVERNMENTAL RESPONSES TO IDC INITIATIVES

The Ershad regime did not have the time to implement the USAID recommendations, for it was dislodged from power almost within a year after submission of the report. The caretaker administration that took over appointed a committee of senior bureaucrats to assess the report and identify those recommendations that could be implemented without substantial burden on resources. The Committee also labeled several recommendations that could be followed up without altering the basic structural-procedural format of the public administrative system (Khan, 1998: 133).

The caretaker administration also engaged in helping outline Bangladesh's development strategies for the new decade. It set up a Task Force, and one of its areas of review was public administration, especially ethics and morality. It listed several consequences of malpractice by government functionaries and contended that corruption produced unfavorable influences such as the draining off of public resources into nonproductive sectors of the economy, decline in efficiency and productivity of public agencies, attenuation of resource mobilization, and generation of allocative inefficiency (GOB, 1991: Ch. 16). By the 1990s, bribery, extortion, and kickbacks had become ubiquitous at all levels of administration and were increasingly being accepted as normal administrative behavior.

It was therefore not wrong to anticipate the BNP government honoring the recommendations of these bodies, especially after its post-election pledge to restructure governmental institutions and "to establish a transparent, accountable system of public management" (UNDP, 1993: 1; Keesing, 1991). Indeed, the reform environment was quite favorable, and the ruling party had the majority in parliament to have its reform agenda approved. However, the initial concern soon disappeared, and the government began marking time, despite the recurrent rhetoric of ministers and politicians about administrative change. In their public uttering, ministers frequently pleaded the case for change and supported the ideas and proposals of academics and former civil servants on major reform issues (*Bangladesh Times*, October 17, 1992), yet when it came to doing anything constructive they hung back.

Evidence of the BNP government's lukewarm attitude toward reform was the failure to show any commitment to adopting the USAID report or that of the Task Force. It appointed one committee after another to do reviews that com-

plicated the process of implementing even those recommendations that the bureaucracy-dominated committees carefully selected. The process stalled for a number of reasons: the range of issues and the intricacy of the task involved, financial and human resource constraints, strong bureaucratic inertia, and lack of political commitment (Khan, 1998: 134). Indeed, it suffered from serious political rancor against its adversaries, and it manifested an unwillingness to accept any positive changes brought about by the Ershad regime or any change initiatives undertaken during its tenure even if they were by outside agencies.

The UNDP plan was widely circulated and generated immense enthusiasm in political, bureaucratic, business, and civil society circles. Experts and politicians critically evaluated its principal elements in both public fora and the press. But the government remained unmoved to accept the plan as the basis of its administrative reform “strategy.” Apparently, merely to show its obligation, it appointed an advisory committee dominated by bureaucrats to review the UNDP report, and, not surprisingly, it disapproved the recommendations as being “nebulous” and “insufficiently specific” (Khan, 1998: 136). The political executive was disinclined to accept a reform plan prepared by an international organization and thereby risk the loss of ownership of the reforms.

The government resolved to commission its own inquiry into public administration, again with the help of bureaucrats. Interestingly, despite being a democratically elected government, it did not have faith in politicians, public administration experts, or people from business and industry to make useful contributions to the reform process. The Administrative Reorganization Committee (ARC) was given a very limited agenda—mainly to concern itself with administrative reorganization and the internal labor market of the civil service (ARC, 1996). The ARC took almost three years to complete its task, yet the reforms it proposed were not far-reaching by any standard. Reducing departments, amalgamating public organizations, retrenching staff, renaming ministries, and the like were some of its prescriptions. The Committee failed to come up with a well-articulated, realistic plan to make the public management system efficient, effective, responsive, transparent, and accountable. No logical links were established between the several reform areas covered by the Committee; each (e.g., health, education, judiciary, etc.) was considered in isolation, and a uniform framework was not used for planning the changes. Therefore, there were inconsistencies galore, which made the entire plan slapdash and difficult to implement. Its clamor to establish the Office of the Ombudsman was nothing out of the ordinary; it has been a recurring theme since the idea was constitutionalized immediately after independence, but it was never institutionalized by political executives because of the perceived threats to their own conduct such an office might bring. All in all, the ARC exercise lacked focus and was not informed by current developments in administrative reform.

It was absurd to expect the AL leadership—BNP’s political foe—to whom the ARC reported to take its reform document earnestly. It had other political purposes to fulfill during its tenure than agonize over issues in public sector

management. Yet, it had to stand up to constant pressures from the IDC, which was not obviously impressed with the BNP's record with state management. The World Bank's 1996 plan was already on the prime minister's desk when she took office, but she never showed any interest to act upon it. However, mainly as a political ploy to gain support of the civil service, the AL set up a Pay Commission to formulate an "appropriate" compensation plan for government employees that would give them increased salaries, benefits, pensions, and so on. The government could have waited, for it had a plan to appoint a high-powered body to deal with the vital issues of administrative reform and link the compensation system with the structural changes in the civil service that the proposed body would make. However, making immediate political capital was its goal rather than finding long-term solutions to complex problems in governance.

The Public Administration Reform Commission (PARC) was expected to construct a comprehensive framework of total reform of the machinery of government and to propose mutually inclusive and aligned strategies encompassing most, if not all, components of good governance. One cannot support the argument that the terms of reference that PARC was given were too broad as "everything under the sun [fell] within its purview" (Khan, 1998: 118). The Commission had no need to make another detailed survey of government ministries and departments and other public sector organizations. This had already been accomplished by the ARC. Most of the areas that PARC was asked to cover were already examined by the USAID, UNDP, World Bank, ODA, and other international agencies as well as by scholars at home and abroad. The Commission also had access to reports on reforms in other developing and developed countries. So its task was by no means unmanageable. All it needed were good planning, a committed and well-informed membership, adequate resources, and political and bureaucratic support.

If administrative reform was to be linked with the broader issues of governance, then there was no scope for compromise. Transparency, integrity, and accountability are all symbiotically linked to efficiency, effectiveness, freedom of information, and citizen's access to governmental services. Rightsizing government has both social and political implications and therefore must be carefully planned, with the process not impairing efficiency and effectiveness. Civil service management must be linked to any structural changes, and staffing policies must be associated with the external labor market and should reflect equity issues without downgrading merit.

Unlike past official reform bodies, PARC presented sets of recommendations incrementally to the AL government. These related to red-tapism and tardy decision making in the ministries, the so-called class system in the civil service that affected performance, voluntary retirement packages, payment of travel tax by people, highway patrol and improvement of traffic systems, vehicle entitlement of officers, ceiling on the existing level of manpower, standard of service of government organizations, one-stop utility bill payment system, simplification

of the process of issuance of passports and driving licenses, performance-based annual reporting by the ministries/divisions, and formulation of a citizens' charter codifying the rights of citizens and the services available from different departments. Also on its list were forming "work improvement teams" and carrying out campaigns on administrative reforms in all public organizations (Ahmed, 1999).

Questions of improving transparency and accountability were also deliberated, but PARC has not elaborated on the strategies. The Law Ministry has been sitting on the recommendation relating to the ombudsman, although the prime minister has, in principle, supported its institutionalization (*Daily Star*, November 17, 1999). One important proposal is for the creation of a permanent body to oversee and monitor the implementation of the PARC reforms, but similar proposals were quashed by past governments.

The PARC is yet to complete its task even after four years in existence. However, an examination of the 30-odd recommendations made so far suggests that the reform planning body has been inconsistent in approaching its task. It has moved at random from one issue to another without following a logical thread of progression. The principal elements of public management have not been properly addressed or attended yet. It is not understandable how some of the recommendations could be made without first constructing an efficient administrative system with appropriate functional offshoots and procedural technicalities. For instance, the question of abolishing the "class system" in the bureaucracy is tied in to a range of issues in civil service management such as cadre-based groupings, recruitment, and advancement. Similarly, the "one-stop shop" for bill payment is necessarily tied in to the question of coordination among a host of public agencies, computerization of records, training of counter personnel, and so on. Simply put, outlining a recommendation without elaborating on the strategies to be adopted in implementation will be self-defeating. But PARC has so far been slipshod in providing the rationale behind a particular recommendation, suggesting appropriate remedial measures, and detailing a strategic framework for each reform task. One of the recommendations relates to performance-based annual reporting by government departments, but PARC has not delineated the benchmarks of performance, nor has it set the criteria of reporting.

For its part, the government was fairly laid back about the recommendations made until the middle of 2000. All it did was to give cabinet approval to a few of the proposals, and it hardly followed them up. One national editorial made the following lament: "The Public Administration Reforms Commission . . . is a classic example of the government's over-enthusiasm in forming commissions and reluctance in carrying out their proposed reforms. Sloth in the approval of its recommendations to reform the bureaucracy . . . has made a mockery of the government's commitment to services re-organisation" (*Daily Star*, May 28, 2000).

The IDC is extremely disappointed by this attitude exhibited by the political

executive. Time and again, donors have been one in emphasizing that the reform process must be accelerated to create “effectively managed, transparent and accountable institutions” for development effectiveness (World Bank, 1999b). The government, however, does not seem to be taking these recurrent pleas with seriousness.

THE FAILURE OF REFORM

The political and civil space has undergone considerable transformation since democratization began in 1991. The parliamentary system with its plethora of committees is now in place, the cabinet led by the prime minister is at the helm of state affairs, and political succession is protected by an electoral process that is controlled by a nonpolitical caretaker administration (Zafarullah and Akhter, 2000). Yet, major problems of governance persist. The inefficiency of the public management system has intensified in scale, corruption has become endemic, “muscle power” has replaced the rule of law, institutional development and capacity building have been sluggish, and civil servants are not regulated by a service ethos. A former World Bank official typifies the bureaucracy in Bangladesh as an institution “where the private appropriation of public goods is expected and indeed informally condoned, where internal communications are very poor and where initiative is implicitly discouraged” (Landell-Mills, 1999).

Policies supporting economic liberalization were ceremoniously announced by the BNP government and gradually implemented. However, the absence of a supportive administrative environment greatly impeded success in attracting foreign and domestic investment, developing sound government–business relations, facilitating entrepreneurship in the private sector, and improving the performance of the public sector. The institutions and agencies required for all these goals still adhere to the old ways of doing things, and the bureaucracy continues to be driven by the formulas of yesteryear. For all practical purposes, the reforms are being jeopardized. As a U.S. report pointed out, the bureaucracy is the main obstacle to economic reform in the country, and administrative corruption is a major hindrance to business. The bureaucracy perceives its role as that of “controlling rather than facilitating” economic activities (*Daily Star*, February 5, 1995).

So why has administrative reform failed in Bangladesh? A number of reasons can be identified: bureaucratic intransigence and inertia, political insensitivity and inaction, anti-reform sentiment in public sector organizations, and alienation of the civil society from the reform process.

The bureaucracy in Bangladesh has always exhibited a remarkable propensity to resist reform. This manifestation is a continuation of the posture acquired during pre-independence days by a civil service embodying all the institutional and behavioral trappings of a colonial bureaucracy. All concerted efforts to reform a civil service were disapproved and parried by a corps of generalist bureaucrats (Khan, 1980). Their training, indoctrination, and cultururation helped

them develop attributes of elitism and conservatism as well as a disdain for democratic norms. They thwarted moves which they perceived as threats to their entrenched powers and privileges, and they followed administrative practices that were thoroughly bureaucratic.

After independence, the rhetoric of the first regime, which called for completely transforming the civil service system and making it susceptible to political controls, ultimately produced a severe backlash. The bureaucracy that had been estranged by the regime took advantage of the prevailing social, political, and economic problems and made itself indispensable for regime maintenance and state management. This catapulted the bureaucracy to newer heights and made them even more unyielding in its relationship with the political leadership. Any attempt to reform the bureaucracy now had to have its tacit approval (Khan and Zafarullah, 1988; Zafarullah, 1987).

Thus, any undertaking whose goal was to effect changes in bureaucratic structures and practices has been adroitly foiled by the generalist corps, which still dominates the administrative process. The reform proposals of military regimes did not go far enough, and the status quo was retained; obviously, these regimes needed the support of the generalist bureaucracy to run the country. Bureaucratic intransigence vis-à-vis reform was first palpably flaunted during the first military rule (Khan and Zafarullah, 1982).

Both the BNP and AL regimes have shown a casual attitude in attacking administrative problems and have been hesitant and overcautious in tackling bureaucratic intransigence. The political leadership's lack of conviction has helped the generalist cause at the expense of specialists who are still fighting for their due rights. The generalist bureaucrats exhibit a strange repugnance toward reform and innovation. "The greater the challenge from reform mongers, both governmental and international, to bring it down from the ivory tower, the more determined it becomes to protect its privileged position" (Zafarullah, 2001). The bureaucratic higher-ups, close to the center of power, have prevailed on the political executive not to go for far-reaching changes in the administrative apparatus. Bureaucratic inertia has triumphed over administrative rationalism.

The work of both ARC and PARC suffered owing to unjustified bureaucratic intervention, although both bodies were dominated by bureaucrats. Unable to obtain the appropriate support from the bureaucracy, the two original chairpersons of the Commission had to resign. The specialists have displayed their anger at generalist members on the PARC who allegedly made attempts to prevent the government from enforcing accountability in administration (*Daily Star*, May 4 and June 20, 2000).

The two democratically elected governments do not appear to recognize the kind of administration a democratic polity needs. Apart from recurrent rhetoric by ministers, no clear statement of intent has ever been produced. There has been no meaningful discussion in parliament about administrative change, and both parties in opposition have almost ignored the issue. At best, it has resorted to polemics. The parliamentary committee on the Ministry of Establishment

discusses routine administrative matters but has shied away from reviewing UNDP, World Bank, and ODA initiatives. The print media have given wide coverage to the external prescriptions for reform, and seminars and discussions organized by outside bodies have been well attended by ministers and opposition politicians, who were eloquent about the need for reform, but there has been no followup of these exercises. By appointing a parallel committee of inquiry into public administration at about the same time as the UNDP study, the BNP government either displayed its doubts about the international agency's ability to do its job properly, or it felt threatened about losing ownership of the reforms. The UNDP has been commended for clearly indicating the areas of change and for providing a coherent plan that could be put in place with political and bureaucratic support. On the other hand, the government's own initiative has failed to produce any scheme.

From the time it assumed office, the AL government adopted a wait-and-see approach, and some of its actions regarding public administration have been tardy, capricious, and ambivalent. The political impasse that emerged midway through its rule has perhaps been the most critical factor in stalling the government's reform program. The agitational politics of the opposition outside parliament has been instrumental in forcing the government to recast its priorities. The leadership is more concerned with its own political survival—confronting opposition attacks, mobilizing public opinion against certain peculiar demands of the opposition, sustaining the economy, and maintaining law and order. In such a situation, the government has been passive in its administrative reform stance and even prepared to be accommodative in its dealings with the bureaucracy.

Change has been difficult to effect in state-owned enterprises owing to a hostile response from the unions; there was widespread dissension against the privatization moves in almost all SOEs that were threatened with anticipated redundancies (Kochanek, 1993: 97; Kochanek, 1996). The unions' resilient stand regarding denationalization and opposition to deregulation moves have often led to their confrontation with the BNP government, at times forcing the BNP government to soften its stance on externally driven structural adjustment programs. Several bids by the BNP and AL regimes to strike an accord with the unions have run into problems.

Civil organizations have not been taken into the confidence of the successive "democratic" governments in Bangladesh in advancing the norms of good governance. Although the IDC frequently calls for establishing government-civilian rapport in creating awareness among citizens regarding their rights, obligations, and their due from the administrative system, the establishment has not always welcomed the civil organizations' exposure of governmental malfeasance. Several nongovernmental organizations (NGOs) have deliberated and advanced their ideas on administrative reform and have also attempted to provide their input to the reform planning process. But government-appointed bodies such as ARC and PARC have not always accepted these ideas. Rather, they have brushed

aside any positive proposals coming from the NGOs. A viable partnership can enable NGOs to participate in long-term policy formulation in the area of governance reform and profit from civil society's capacity for civic engagement in democratic governance (Sobhan, 1999).

CONCLUDING COMMENTS

Administrative reform in Bangladesh is now trapped in a cul de sac. In the late 1970s, indications were positive as the first military regime tried hard to revitalize the bureaucracy by introducing some order into the administrative system. Since then, however, reform has been slowed down largely due to political indifference, bureaucratic inertia, union opposition, and civil society alienation. The only stimulating factor is the constant pressure from the international donor community, but both political and bureaucratic circles disapprove of external intervention.

A wide gap has developed between political rhetoric and actual implementation of reforms. Both of the democratically elected governments have at one time had a majority in parliament necessary to adopt any reform program if it wanted to do it alone, but administrative reform has not been a top priority. The political animosity between the BNP and the AL has been so intense that a bipartisan approach to deal with the problems of governance has never been possible. While political leaders in either camp have been long on rhetoric about administrative reform, they have been short on producing a concrete outline of what such a phenomenon meant to them.

In the constant political confrontation between the two major parties, concerned either with political survival or of winning back power in the next elections, the generalist bureaucracy has been the winner. It has used its strategic position in the governmental hierarchy to manipulate the reform process and preserve its gratuitous powers and privileges to the disadvantage of other segments of the bureaucracy. In such a circumstance, the people suffer, for they have to put up with an administrative setup that is both ill-oriented and ill-equipped to respond to the demands of nation-building and development.

NOTES

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1. Prior to this, the Civil Administration Restoration Committee helped the government rearrange the structure of the governmental machinery, the courts, and regulatory and quasijudicial bodies.

2. In the parliament elected in 1991, only 32 percent of members had previous parliamentary experience and of these members, only a few had served as ministers before. See Maniruzzaman (1992).

3. According to this notion, ministers are responsible for all the actions, both negative and positive, of departments under their control.

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Chapter 5

Resistance to Administrative Reforms in South Asian Civil Bureaucracies

Mohammad Mohabbat Khan

INTRODUCTION

Attempts to reform and overhaul South Asian civil bureaucracies during the last 50 years have been mostly unsuccessful. The experiences of such bureaucracies reveal that without committed political leadership, strong pressure groups favoring reform, and a democratic governance system premised on effective participation of the citizens, major administrative reforms will not succeed.

“The marked increase in what citizens demand of government has led to a multiplicity of administrative agencies, a large number of civil servants, and swelling governmental budget to pay for what citizens want and for the administrative work by which such expectations are met” (Fesler and Kettl, 1991: 1). This scenario has led us into a new era characterized by the administrative state. The concept of administrative state has gained increasing credibility as a result of the dominant influence of state institutions on the lives and activities of the citizens during the last four and a half decades. It is a system of governance through which public policies and programs, affecting almost all aspects of public life, are influenced by the decisions of public officials (Dwivedi and Jain, 1985: 5).

The twin pillars of the administrative state are bureaucratic discretion and bureaucratic authority from which many bureaucopathologies follow (Gormley, 1989: 7). These bureaucopathologies can be grouped into two main categories (Gormley, 1989: 3, 5): (1) those that are known to both scholars and practitioners, notably, clientelism, incrementalism, arbitrariness, imperialism, and parochialism; and (2) those that have emerged primarily as a result of the increasing attacks on bureaucracies for their failure to adequately serve the public, notably proceduralism, particularism, and defeatism. The increasing dissatisfaction with

bureaucracies' vulnerability to bureaupathologies and their inability in most cases to serve the citizens satisfactorily has led to the proposal of a number of measures to control bureaucracies. In a democratic context, five approaches have been advocated: participation, clientele relations, pursuit of public interest, accountability, and self-control (Gruber, 1987: 19–23).

This chapter focuses on reforms to bring about necessary changes in civil bureaucracies. Administrative reform in this context means and includes “those efforts which call for or lead to major changes in the bureaucratic system of a country intended to transform the existing and established practices, behaviours and structures within it” (Khan, 1980: 57). This definition underscores a number of points. First, administrative reform is used synonymously with change. Second, administrative reform bears close affinity with innovation. “By innovation is meant the generation, acceptance and implementation of new ideas, process, product or service. . . . (and) implies the capacity to change or adapt” (Thompson, 1965: 1). “An innovation is a fundamental change in a significant number of tasks” (Wilson, 1966: 196). Third, for major administrative reforms to succeed, one must seek systemic and wide-ranging changes, and such changes must be effected in a deliberate and planned manner.

This chapter attempts to analyze only selected major administrative reform efforts pertaining to the national civil bureaucracies of five South Asian countries—India, Pakistan, Bangladesh, Sri Lanka, and Nepal. Specifically, our objective is to examine why major administrative reform proposals have been resisted and not implemented.

THE CONTEXT OF ADMINISTRATIVE REFORMS

Contextuality is key to the success or failure of administrative reform efforts. Although administrative reforms are associated with public bureaucracies, they need to take into account the surrounding social, political, and economic conditions that significantly influence the reform cycle. Reform, therefore, needs to be understood from a systemic point of view. Administrative subsystems along with political and economic subsystems are components that together comprise the social system. But the political subsystem outweighs other subsystems in terms of its influence on the administrative subsystem. To a large extent, the political subsystem determines the objectives, strategies, and probabilities of implementation of major administrative reform proposals.

Excepting Nepal, the other four countries of South Asia were under British rule for a considerable period of time. Although all of these countries (Bangladesh was part of the then united Pakistan) were granted independence in the late 1940s, the British influence on their respective administrative systems remains considerable today. This influence has been described as the imperial legacy which has shaped and continues to mould the administrative style and bureaucratic culture of India, Pakistan, Bangladesh, and Sri Lanka. Although Nepal escaped direct colonial rule, it was not totally immune from British in-

fluence. It suited the British interest in the subcontinent to maintain Nepal's semi-colony status through which its rulers enjoyed internal autonomy, "in exchange for preponderant influence in foreign and trade policies" (Blaikie et al., 1980: 31–32) by the British.

The overwhelming majority of the population of all these countries lives in abject poverty, suffers from hunger and malnutrition, faces the curse of illiteracy, struggles with unemployment or underemployment, and contributes to a high fertility rate. The basic needs of this majority remain unfulfilled. An inequitable social system that contributes to such a deplorable situation is further reinforced by the caste system, differentiation based on religion and wealth, and ethnic conflict.

The political systems of these five South Asian nations are similar on the surface, but a close look indicates a significant difference in terms of how the systems operate in practice.

India has a parliamentary system of governance. But since independence the Indian government has been dominated by members of one family. This family, the so-called Nehru-Gandhi dynasty, ruled India for 38 of 43 years of its existence as an independent country. The dominance of one political party—the Congress Party—in Indian politics has also been remarkable. All the prime ministers of independent India were members of the Congress Party. A few of them left the party later to form their own political parties and forge alliances with other political parties in a bid to head the government. The influence of one particular region, Hindi-speaking northern India, on politics has been quite substantial. In fact, all the Indian prime ministers except two have come from the core of this region—the Uttar Pradesh.

Pakistan's political history has been characterized by prolonged periods of military rule and political use of religion to suppress democratic movements. The present government is headed by a retired civil servant who as president wields enormous power and includes a prime minister who is a political neophyte. It is no surprise that the president was a close advisor and minister to the late dictator General Mohammad Ziaul Huq who ruled Pakistan for 10 years. The present prime minister was a protege of the late general. He was brought into the political arena from an obscure and nonpolitical background. It is no coincidence that both the present president and prime minister are Punjabis. The president hails from the Punjabi-speaking region of N.W.F.P. and the prime minister from Punjab itself. It is well-known that Punjab as a region not only dominated the politics of Pakistan but also had more than its share of representatives in both the civil service and the military.

Bangladesh's short but turbulent history closely resembles that of Pakistan. The country was under autocratic rule after independence in 1971. The present democratically elected government came to power after the ouster of General Hossain Mohammad Ershad, whose autocratic regime lasted nine years. The present government has only very recently opted for a parliamentary form of governance after gaining popular approval for it through a referendum.

Sri Lanka, after experimenting with the parliamentary system for two decades, has settled for a presidential system of government. But recent events have clearly shown that the president has become a dictator. Hence, members of President Premadasa's own political party launched a move in the parliament to impeach him and force him out of power. But it should be noted that the continuous ethnic strife involving the Sinhali majority and Tamil minority has considerably sapped the vitality and undermined the capability of the political system.

In Nepal, as in Bangladesh, a popular movement and a mass demonstration have led to the formation of a democratic government. This development has considerably reduced the power of the hereditary absolutist monarch over the affairs of state and has opened opportunities for increasing popular participation.

In all these countries, barring few exceptions, higher public servants have maintained a close relationship with the politicians and generals in power. Politicians at the helm of state affairs have found it beneficial to depend rather heavily on the "elite" civil servants. Higher civil servants with generalist backgrounds and occupying key positions as heads of ministries and corporations have been more comfortable working with authoritarian regimes. The authoritarian rulers, on the other hand, devoid of public support and immune from public scrutiny, are eager to forge an alliance with these civil servants, whose patronizing attitude toward people is too well known.

MAJOR ADMINISTRATIVE REFORM EFFORTS IN SOUTH ASIA

In this section we analyze major administrative reform efforts in South Asian countries, focusing specifically on the higher civil services. From each country we choose one or more cases to highlight the reasons for resistance to major administrative reform proposals and consequently their nonimplementation. We also point to a case in Pakistan where major administrative reforms have taken place. Inferences are made to indicate the conditions under which major administrative reforms can be implemented.

India

Since independence in 1947, a number of commissions, committees, and experts have been appointed to study India's administrative system and to recommend necessary changes. But none has gone deeper and examined the whole system of administration as such, and almost all have been prisoners of the existing framework and the system that underscores it (Maheshwari, 1972: 15). No attempt has been made to assess the utility of a highly centralized and elitist civil service, that is, the Indian Administrative Service (IAS). The chairman of the Administrative Reforms Commission (ARC), K. Hammanthaiya, bluntly pointed out that "during the last twenty years (1947–1966), there were only

adjustments and no reforms in the administration” (*The Hindustan Times*, April 28, 1967).

The only exceptions to this trend were the ARC reports. The Commission was appointed in 1966; it submitted 20 reports and made a total of 581 recommendations by 1970 when its work came to an end. Of these reports the one on personnel administration attracted the lion share of attention. We shall confine our discussion here on this particular report because it has a direct bearing on the scope of this chapter.

The ARC was given a broad mandate to examine the public administration of the country and to make recommendations for reform and reorganization. The objective was to ensure efficiency and to maintain the integrity of public service, thereby making public servants more responsive to the people’s needs. This broad mandate as well as the composition of the Commission, which originally included six members (five of whom were politicians, including the chairman), enabled it to recommend reform measures that were strikingly different from both those that preceded it and those that followed it.

ARC’s major recommendations included (1) ending the preeminent position of Indian Administrative Services generalist in the central secretariat and allowing all competent Class 1 offices from all services access to middle and senior management posts in the secretariat; (2) placing people from the specialist services to man top posts in particular subject areas in the secretariat where specialist services already existed to attend to specialist subjects; and (3) categorizing all middle-level posts in nonspecialist areas in the secretariat into eight broad areas of specialization and basing selection to these posts on the basis of a midcareer competitive examination from all Class 1 officers (Potter, 1986: 169).

ARC’s recommendations were fundamental in nature and had far-reaching implications. If implemented, the recommendations would have affected the very foundation of IAS—the elitism. The recommendations were meant to open up opportunities to all competent civil servants on the basis of proven ability regardless of their service affiliation, thereby ending the IAS monopoly on all top posts in the central and state governments.

The chairman of ARC clearly foresaw the resistance the recommendations would generate from within the civil service. In his covering letter to the prime minister of India, when submitting the *Report on Personnel Administration*, he stated that “the reforms we have recommended are bound to raise resistance from those who are adversely affected. Resistance from within the service is a very difficult problem for the government to deal with” (*Report on Personnel Administration*, 1969: iv).

Still, the government accepted none of ARC’s major recommendations. The reasons for this resistance, and consequently for nonimplementation of the reform proposal, can be attributed to two sets of factors. First, members of the IAS, fearing a downgrading of their status if the proposals were implemented, put up strong, organized resistance to ARC’s recommendations. At that time some senior members of IAS not only defended the elitism but also developed

arguments challenging the assumptions of ARC's recommendations (Chaturvedi, 1969; Dubhashi, 1969; Mohanty, 1969). IAS's power within the bureaucracy to control the process of administrative reform is an important part of the explanation of how and why they managed to beat off the challenge of ARC's major recommendations in the *Report on Personnel Administration* (Potter, 1986: 171). Second, there was no strong political will to accept and implement ARC's recommendations. Political developments at the time adversely affected ARC's prospects. Also important was the political timing. It was the government of Shastri which announced its intention to set up an ARC in November 1965, and the plan was for the Commission to complete its work before the general elections of 1967. By the time the Commission started its work in April 1966, Indira Gandhi had taken over the Prime Ministership after the sudden death of Mr. Lal Bahadur Shastri. In addition, Morarji Desai, the first chairman of ARC, left to become deputy prime minister in March 1967 but was left out of the government after the split of the Congress Party in 1969. So the Commission's composition was not to the liking of the then prime minister Indira Gandhi. Also, the 1967 general elections brought a number of non-Congress governments in the provinces, thereby reducing the strength of the Congress government at the Center (Potter, 1986: 171). More importantly, the ruling Congress Party gave broad political support for IAS's continued existence (Potter, 1986: 178).

Pakistan

In Pakistan, like India, many commissions, committees, and experts were asked from time to time to study the administrative system and suggest improvements. Five reports (Egger, 1953; Gladieux, 1955; see also Khani, 1980) deserve to be discussed here, for all of them thoroughly surveyed the administrative system and recommended measures to overhaul the existing system. None of the reform bodies found a rationale for retaining an administrative system that had lost its usefulness and utility. They only encouraged the perpetuation of inequity and injustice in the recruitment, training, promotion, and pay among different civil services (Khan, 1980: 128).

The recommendations of the five reform bodies ranged from abolition of all-Pakistan services and their replacement with a single unified civil service composed of subcadres of all Class 1 officers to abolition of reservation of posts in favor of a particular cadre; abolition of the elite CSP; establishment of uniform pay structures throughout the civil service; an enhanced role of specialists in the civil service; provision of lateral entry; conferral of comparable status to heads of departments and secretaries of ministries; elevated status of the Public Service Commission; and abolition of the Establishment Division (Kennedy, 1987: 56–64).

None of the recommendations of the five bodies was accepted. In fact, between 1953 and 1972, no major changes were effected in the civil service system. The resistance to major administrative reforms emanated from and was

sustained by the members of the Civil Service of Pakistan (CSP). The CSP, feeling threatened by the recommendations, organized effectively to block their acceptance. The result, from the point of view of the CSPs, was remarkable. Both the Egger and Gladieux reports were labeled secret and were barred from public circulation for over a decade. "As an elitist group in Pakistan[']s bureaucracy the CSP wield[ed] tremendous power and influence. . . . it was able to prevent the publication of two reports (Egger and Gladieux) which were adverse in their comments on its role and efficiency" (Sayeed, 1967: 155–156). "He (Egger) perhaps considered too lightly that his recommendations directly threatened officials with status and power (CSP) in the administrative structure" (Gorvine, 1966: 189). The opposition to the Pay and Services Commission, 1956–1962, also known as the First Cornelius Commission was open, organized, and well orchestrated. The members of the CSP took a very active and leading role in waging a sustained campaign to block the Commission's efforts. As an organized and privileged group within the civil service system, the CSP had everything to lose because "such proposals deeply threatened the elite status and exclusiveness of the CSP, particularly the attack (of the Commission) on its privileged system of earmarked jobs" (Gorvine, 1966: 202).

Two members of the Commission belonging to the CSP disagreed with the majority opinion and submitted a dissenting note justifying maintenance of the status quo. The CSP National Association publicly expressed its solidarity with their two senior dissonant colleagues. One member of the CSP even took time to write to support continuation of the CSP's preeminent position (Husain, 1969a, 1969b). The same fate befell the Report of the Working Group on the Reorganisation of the Public Service Structure in light of the Fulton Committee Report, 1969, popularly known as the Power Report and Services Reorganization Committee Report, 1970, but also referred to as the Second Cornelius Committee Report.

Besides the CSP opposition, there was almost no political support for reform. This is understandable. After the assassination of the first prime minister of Pakistan in 1951, political instability became a permanent feature of the governance system. Between 1951 and 1958, power was in the hands of one person, the governor-general and president. He appointed and dismissed prime ministers and other ministers at will. Also during this period no election was held to constitute a new federal legislature. The rulers preferred to continue with a legislature that was constituted in 1946 during the British dominance. All along the military was strongly supportive of the chief executive, a former senior civil servant. But finally, as expected, the military formally took over the reins of power in 1958 and ruled for 13 years. The general who staged the coup opposed any major changes in the country's civil service system. General Ayub Khan, who ruled Pakistan from 1958 to 1969, stated that the "Cornelius Commission recommended radical changes involving a complete redesigning of the existing scheme and organization of public service but nothing should be done at this time which might disrupt the administrative fabric" (Khan, 1980: 106). Inter-

estingly, it was Ayub Khan who appointed the Commission. General Yahya Khan succeeded Ayub and continued the same policy.

The implementation of far-reaching administrative reform proposals had to wait until Zulfikar Ali Bhutto's assumption of power. Bhutto's Pakistan People's Party won majority seats in the National Legislature from West Pakistan (now Pakistan) in the 1970s parliamentary elections. Bhutto, after his appointment as prime minister, wasted little time to overhaul Pakistan's administrative system. His 1973 reforms were shaped, influenced, and molded by the recommendations made by Egger, Gladieux, Cornelius (1962 and 1970), and Power.

Bhutto's administrative reform could be termed revolutionary. Its salient features included the following:

1. Abolition of service cadres and their functional replacement by occupational groups.
2. Establishment of a Unified National Pay Scale, replacing the numerous pay scales extant at the time of the reform.
3. Discontinuance of the long-standing practice of reserving certain posts in the Central Secretariat for members of the elite cadres.
4. Establishment of a program of joint preservice training.
5. Establishment of provisions for introducing lateral recruits, that is, individuals without cadre affiliation to posts within the Central Secretariat. Provision for vertical movement between cadres was also introduced (Kennedy, 1987: 54).

Bhutto's success in implementing major administrative reforms can be explained by looking at a number of variables. First, Bhutto had the conviction and the political will to undertake radical reform. Second, after the 1971 war, the Pakistan military lost its credibility and was compelled to hand over power to Bhutto's civilian government. Third, the Civil Service of Pakistan (CSP), whose consistent and dogged resistance blocked earlier reforms, was defensive for the first time because it was not able to manipulate Bhutto. Bhutto was apprehensive of the military-CSP alliance, which had effectively ruled Pakistan since independence. Fourth, the majority of the members of other civil services (except CSP) wanted the existing system dismantled and its replacement by a reformed one. Fifth, public disenchantment with the inefficiency, arrogance, and corruption of the civil service became so deep and widespread that it could no longer be ignored. The major share of the blame went to the CSP because they occupied key positions in the civil service and exercised authority. Civil servants, especially the CSP, were not seen as immune from political influence. The perception was that they needed to be reformed.

With General Ziaul Huq's seizure of state power in 1977 through a coup, the process of reversing the process of administrative reform initiated by the Bhutto government began. The civil bureaucracy, spearheaded by members of the former CSP cadre and its successor, the District Management Group, started to assert itself and reemerged as a powerful group with a great deal of power and

prestige (Islam, 1990: 75). Not surprisingly, a large number of senior policy and administrative positions are presently occupied by members of the former CSP cadre.

Bangladesh

Since the early days of independence in December 1971, successive governments, following the subcontinent's tradition, appointed a number of committees and commissions to modify the country's civil service system. Of particular relevance in this context is the fate of four committees and commissions appointed by three different regimes over a 10-year period, 1972–1982.

The Mujib government, which came to power immediately after independence, appointed the Administrative and Services Reorganization Committee (ASRC) and National Pay Commission (NPC) in 1972. The ASRC was given a broad mandate to recommend reform measures to restructure the civil bureaucracy and reorganize the administrative machinery of the government (Khan and Zafarullah, 1982b: 140). On the other hand, the NPC, working in close cooperation with the ASRC, was to recommend a new matching pay structure. The ASRC recommended a single, classless, unified grading structure with an appropriate number of different pay scales matching different levels of qualifications, skills, and responsibilities (Khan, 1989: 303). The committee's other recommendations included several measures for developing an integrated public personnel management system encompassing a rational selection process based on merit, long-term career planning, formulation of a general training policy, and coordination of institutionalized training and an employee promotion system based on merit-cum-seniority (Khan and Zafarullah, 1982a: 164). The NPC recommended a pay scale consisting of 10 grades. The proposed pay structure considerably reduced the existing disparity between the highest and the lowest pay, including fringe benefits (Khan and Zafarullah, 1984: 1184).

General Ziaur Rahman (Zia), who came to power as a result of a number of coups and countercoups in 1975, appointed a Pay and Services Commission (P&SC) in 1976. The major recommendations of the P&SC included the amalgamation of all erstwhile services and the creation of an all-purpose civil service; emphasis on the merit principle as the determining factor in recruitment and promotion; removal of existing barriers between the CSP and other services through introduction of equal initial pay scales; and provisions for equitable scope of advancement toward the top of the administrative hierarchy and the constitution of a new apex cadre, with talented, efficient, and experienced officers drawn from all functional cadres through appropriately designed tests (Khan, 1985: 1031).

General Husain Muhammad Ershad came to power through a coup in 1982. That year the Ershad regime appointed the Committee for Administrative Reorganization/Reform (CARR) to decentralize the politico-administrative system. CARR's major recommendations included creation of representative bodies with

wide powers and supporting bureaucratic staff at two sub-national levels—Zila (district) and Upazila (sub-district); enabling popular participation in developmental and planning activities at local levels; and nonintervention by the national government in local affairs.

The ASRC's recommendations were not accepted by the government of the day. The NPC's recommendations were partially implemented. The P&SCs recommendations were initially accepted, but the government took no action for two years. Then some of the recommendations were implemented in modified forms. The CARR's recommendations were partially implemented in piecemeal fashion, showing complete disregard for the intent and spirit of those recommendations.

Bangladesh's continuous resistance to implementation of major administrative reforms can be explained by concentrating on two variables—political and bureaucratic. First, the country has never had a strong political commitment to reform. This reflects the nature of the regime and its extent of dependence on senior civil servants of the generalist genre. The government of Sheikh Mujibur Rahman (Mujib) came to power on the wave of huge popular support, but within two years its popularity evaporated as economic conditions worsened and political repression and dictatorial tendencies took hold. By the time the ASRC's far-reaching recommendations were submitted to Mujib, he virtually became a prisoner of his own grandiose vision of Bangladesh which had no relation to reality. Consequently, he relied more and more on his top generalist civil servants who were strongly opposed to the ASRC's suggested measures.

Zia, like Ershad, advocated a middle course to minimize the risk of antagonizing major segments within the polity. Zia's interest lay in devising an administrative system that would satisfy key components within the civil service system. That is why he delayed taking any action on P&SC recommendations for two years. Instead, he appointed cabinet committees to scrutinize the recommendations. These committees depended heavily on the generalist bureaucrats for input, paving the way for substantial alterations in P&SC's original recommendations pertaining to the privileged generalist civil servants who belonged to the CSP. Ershad's interest lay more in legitimizing his power than in decentralizing the administrative system to ensure popular participation in it. Consequently, he utilized CARR's recommendation to create a support base for him in rural areas rather than instituting representative institutions at sub-national levels.

Second, the opposition of the elite civil servants who belonged to the CSP to the ASRC and NPC recommendations is well known. In a memorandum to the ASRC, the CSP Association opposed across-the-board amalgamation of different civil services into one on the grounds that amalgamation would adversely affect the performance and discipline of the public services. It wanted to retain the CSP with a different name, Bangladesh Administrative Service (BAS), and it demanded that, as in the past, many posts in the field and key posts in the secretariat should be reserved for its members. The generalist civil servants were

able to convince the political leadership of the need to suppress the ASRC's recommendations, though almost all other civil services except the members of the Pakistan Foreign Service (PFS) were supportive of the Commission's recommendations. Only those recommendations of the NPC were implemented which did not affect the middle-ranking and senior members of the generalist civil bureaucracy. This partial implementation of the pay scale only covered lower-level employees. The implementation of P&SC's recommendations in modified form further strengthened the position of the generalist civil servants within the civil service system.

The three major outcomes of P&SC's efforts—creation of 28 services under 14 cadres, constitution of the Senior Services Pool (SSP), and introduction of New National Grades and Scales of Pay (NNGSP)—have not materially changed the civil service system. The SSP, purportedly created as an apex policy pool of qualified and competent officers from the entire civil service, in effect became a preserve of the generalist civil servants. These generalist civil servants mostly belonged to BCS (Administration) and were automatically inducted into SSP, disregarding completely P&SC stipulations of entrance based on specifically designed examinations. The NNGSP failed to satisfy professionals and lower-level employees. The professionals felt betrayed that their pay and consequently their status had been downgraded as a result of NNGSP. Only in 1989 did the Ershad government abolish SSP in the face of continuous pressure by civil servants (excepting generalists) and professionals.

The creation of cadres has benefited only a very small minority of civil servants within the country's public service system since the vast majority of the public sector employees have been kept outside the purview of the cadres. Creation of Upazilas (sub-districts) as a local government unit has resulted in the deployment of an increasing number of centrally recruited, centrally deputed, and centrally controlled civil servants at that level. These civil servants perform the functions of planning, budgeting, and resource allocation (Khan, 1987: 86). All these functions have effectively nullified CARR's intent and considerably increased the size and reach of the bureaucracy.

Sri Lanka

From 1948 to 1956, the Sri Lanka government made no attempt to reform the civil service, in spite of the demands by opposition political parties for overhauling the inherited administrative system. A number of factors contributed to this lack of interest in major reform (Viswa Warnapala, 1974: 333). First, the process of Ceylonization was virtually completed before independence in 1948. Ceylonization simply meant that by that time the elite Ceylon Civil Service (CSS) was entirely manned by the Ceylonese themselves. Second, some similarities could be seen in the social background and cultural orientation of the members of CSS and the political leadership that came to power after independence in Sri Lanka. The elite civil servants and the political elite belonged

to the landed gentry and in many cases were related by kinship. Third, the political leadership was convinced that the CSS was capable of adjustment and adaptation.

The status quo within the civil service remained unchanged until 1960. After the elections of 1960, the new government declared its intention to reorganize the civil service. Keeping this objective in mind, the government appointed the Salaries and Cadre Commission, popularly known as the Wilmot Perera Commission, whose major recommendations were the abolition of the elite Ceylon Civil Service (CSS) and the constitution of a Unified Administrative Service. The Commission, in its report submitted in 1961, spelled out the nature of the unified service. The members of the service would be chosen on the basis of a uniform method of recruitment, providing equal opportunities to all civil servants for entry into the higher echelons of the civil service. Though the Wilmot Perera Commission indicated the character of the unified civil service, as early as 1953 the Poulter Commission recognized the need for unification in the civil service.

Although the government accepted the recommendations of the Wilmot Perera Commission, it did not implement the body's recommendations in toto. As a result of the partial implementation of the recommendations, the Ceylon Administrative Service (CAS) was formed in place of CSS in 1963. Later, in 1976, CAS was redesignated as the Sri Lanka Administrative Service (SLAS). All the administrative officers above the executive level belonging to CSS and other departmental cadres were absorbed into CAS. The manner in which various categories of civil servants were absorbed into the CAS seemed to be discriminatory.

Under the rule of absorption . . . officers belonging to the (erstwhile) CSS were absorbed into Classes IV to I, but the bulk of the officers from the Administrative Grades and Services were absorbed into one of the two grades in Class V, the lowest class. Only a few (non-CSS officers) were absorbed into higher classes. This resulted in [an] anomalous situation such as District Land Officers with twenty years' service being placed below (CSS) cadets with one year's service. (Navaratne, 1980: 70)

The reform efforts have not brought about major changes within the Sri Lankan public service system. The members of SLAS, the remnant of the colonial CSS, continue to enjoy both prestige and status far out of proportion to their actual size. There is little doubt that members of SLAS have significant influence on the outcome of any major reform effort within the public service system.

Although no major reforms have been effected in the civil service system, increasing politicization of the bureaucracy has continued unabated. Personal loyalty to the minister and party in power has now become the most important virtue of a civil servant, surpassing dedication and devotion to the state (Wijewera, 1989: 292). There has not been the political will to build a civil service

based on meritocracy and security of service. Also, the elite civil servants have not been eager to give up power, which they have enjoyed for so many years.

Nepal

Attempts to modernize and reform the Nepalese administrative system started with the end of the Rana Administration in 1951. During the Rana rule, the administration was intended to serve the prime minister, who always came from the Rana family. The civil servants collected land revenues and customs duties and maintained law and order. They were poorly paid and had no tenure.

During the period 1952 to 1976, a number of foreign experts and four commissions examined various facets of the Nepalese civil service and made a number of major recommendations. The reform efforts ranged from formulation of appropriate rules and regulations, preparation of manuals, setup of an Organization and Management (O&M) office, and establishment of a training program in public administration (Panday, 1989: 323).

Of all the reform initiatives carried out, the formation of the Administrative Reform Planning Commission (APRC) in 1956 was the landmark development in the history of public administration reform in Nepal for a number of reasons. First, the ARPC was the first indigenous commission with a broad scope of work to survey and analyze all aspects of the civil service system in Nepal. Second, it was headed by the then Nepalese prime minister Tanka Prasad Acharya who commanded public respect for his integrity. Third, ARPC's modus operandi was not writing and submitting reports for later consideration, but discussions, decisions, and implementation (Panday, 1989: 324).

The most significant products of the ARPC included organizing the civil service into eight cadres, organizing an O&M office, activating the Public Service Commission, establishing the Institute of Public Administration, and setting up the Nepal Rastrya (State) Bank (Poudyal, 1984: 92).

But the major ARPC reform measures initiated and implemented under the guidance of the then prime minister could not run their full course. Acharya was dismissed by King Mahendra after being in office for only 18 months. This was clearly a setback for continuation of the process of administrative reform. Other efforts to reform the civil service have not fared well. In 1959, B.P. Koirala, the then prime minister, attempted to implement measures that would have brought dynamism to the civil service. His measures included revoking obstructing acts, rules, regulations, and structures; activating the Public Service Commission; increasing the salaries of civil servants; prohibiting civil servants from seeking support from the Royal Palace for their protection and promotion; and fixing the expenditures of the Royal Palace (Poudyal, 1986: 277–278). Koirala suffered the same fate as that of Acharya.

The resistance to major administrative reforms in Nepal has been explained rather cogently (Panday, 1989: 323–335). First, Nepal's governing coalition has not been in favor of a strong career civil service which the reforms intended,

for the civil service might challenge the coalition's power. Second, administrative reforms were intended to elicit external legitimacy for the regime and donor support. Consequently, there has been more enthusiasm for creating new administrative structures to accommodate loyalists and coopt potential dissidents rather than fashioning these structures in such a way as to produce desired results, that is, better public service. The recommendations of both the Jha Commission (1965) and the Thapa Commission (1975) for reducing the number of ministries were not implemented, even after the government accepted the recommendations. Instead, the number of ministries increased in both instances. The Public Service Commission is routinely ignored in matters pertaining to public personnel management.

CONCLUSION

The political leadership's lack of political will and commitment has been the key determinant in the failure of major administrative reform efforts. Successive political leaderships in all these countries, except for the Bhutto government in Pakistan from 1972 to 1977, found it expedient to publicly profess the need for radical overhaul of their administrative systems. Their public commitment was limited, however, to the setting up of reform bodies and the appointment of other bodies composed mostly of senior civil servants, to scrutinize the recommendations of these reform bodies. Civil servants belonging to elite services like IAS in India, CSP in Pakistan, BCS (Administration) in Bangladesh, and CSS in Sri Lanka have been the vanguard of resistance to any attempt to change the status quo. They have usually been successful because of the political leadership's undue dependence on them. Finally, no major segment of society in the South Asian countries has organized any reform movement to offset bureaucratic resistance and political apathy toward major administrative reform.

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Chapter 6

Administrative Reform in Hong Kong: Rationale, Strategies, and Results

Ahmed Shafiqul Huque

INTRODUCTION

Reforms in a country's administrative system are initiated for various reasons. Generally, the objective is to improve the level of organizational effectiveness, although concerned governments may have a number of explicit or implicit objectives that are pursued in the process. The strategies used in pursuing administrative reforms may result in the streamlining and simplification of organizations, and the rearrangement of priorities to reduce costs and improve program effectiveness as well as policy integration. The aims and objectives of administrative reforms can be varied, ranging from improvement of conditions to reduction of costs and personnel, and often have major societal goals in mind. Thus, reforms may also contribute to the societal good, the public interest, and the promotion of national values in the process of public administration.

Caiden (1991: 1) described administrative reform as "the induced systemic improvement of public sector operational performance." Reforms may be introduced under a variety of circumstances. The existing machinery for administration may not be producing the desired outcome, problems may be identified in the system of administration, and some components of the system may become obsolete or ineffective. Caiden (1982: 93) believes that an administrative system requires reforms

whenever (a) a public body fails to meet the demands placed on it, that is things do not get done at all or are done below previous or potential standards of performance, (b) it collapses under extraordinary demands or unexpected events, (c) it cannot adjust to new situations and, being too occupied with the immediate, fails to anticipate future demands, and (d) it does not adopt the most effective methods and is out of touch with the latest developments in its field.

Many of these reasons could be cited to explain the history of administrative reform in Hong Kong. Hong Kong embarked on yet another round of administrative reform in 1999–2000. Although such endeavors did not receive much attention in the past, it is fair to state that the current attempt at reform is significantly different. The territory has just completed a major phase of transition from an outpost of the United Kingdom to a Special Administrative Region of the People's Republic of China. A number of attempts were made in the past to introduce administrative reforms in the public sector, and different rationales and strategies were used to accomplish this end. This chapter reviews the major administrative reforms introduced in Hong Kong over the years, with the objective of highlighting the principal rationales and strategies adopted for this purpose. It will also be useful to assess the results and identify the general direction of the various administrative reforms.

ADMINISTERING HONG KONG: FROM COLONY TO AN AUTONOMOUS REGION

Hong Kong was a British territory for over 150 years. The tiny outpost did not receive much attention in the early years of colonial occupation, but it acquired strategic significance during World War II. Hong Kong quickly came into the limelight after the war, initially as a producer of cheap commercial goods and subsequently as a major financial and trading center and, more importantly, as a gateway for trade with the People's Republic of China. As China remained a closed economy, the importance of Hong Kong as a window to this vast country with a huge number of consumers was enhanced.

During the colonial period, a governor appointed by the British Crown ruled Hong Kong. He nominated members of his Executive Council, which was the most important body for providing advice to the governor. The Legislative Council was gradually made representative, and by 1995 all members were chosen by election. "Until 1997, 30 members were chosen by functional constituencies, each representing an economic, social, professional, or other sector of the community; 20 were returned by direct elections in geographical constituencies which cover the whole territory; and 10 were elected by the Election Committee Constituency comprising members of the district boards" (*Hong Kong 1996*: 7). The evolution of a fully elected legislature has significant implications for the performance of the administrative system and its reforms, but the trend was reversed in post-1997 Hong Kong.

Following the reversal of sovereignty, the chief executive is now appointed as the head of the Hong Kong Special Administrative Region. He is appointed by, and is accountable to, the central government of China. His powers and functions are comparable to those of the former governor, and an Executive Council chosen by the chief executive advises the leader. The Legislative Council has been considerably weakened, and the public directly elects only a small percentage of members. The powers continue to be centralized as the middle

level of the government—Urban and Regional Councils—have become virtually ineffective following the introduction of changes.

Administrative agencies perform a number of tasks in Hong Kong, including services related to “public works and utilities, public health, education, fire services and the police force” (*Hong Kong 1993*: 26). The civil service is the largest employer in the territory, including approximately 6 percent of the work force in the territory. In 1998, the total strength of the civil service was 188,400, with staff distributed among some 420 grades and 1,250 ranks or job levels (*Hong Kong 1998*: 24). The number is not high in comparison with that in many countries, but the high level of salaries and other benefits (particularly at the higher levels) results in considerable expenditure from the public exchequer. A number of bureaus (previously called branches) and departments provide the organizational structure for administering Hong Kong. Policy secretaries head the bureaus, which form the core of the Government Secretariat. “There are 15 policy bureaux of which two are resource bureaux concerned with finance and the Public Service respectively,” and “71 departments and agencies whose heads are, with some exceptions, responsible to the bureau secretaries for the direction of their departments and the efficient implementation of approved policy” (*Hong Kong 1998*: 22).

Several other agencies contribute to the performance of administrative tasks. The Public Service Commission provides advice to the government on recruitment and promotion to the upper and middle levels of the civil service. In addition, a number of independent bodies have been constituted for offering advice relating to matters of salaries and conditions of service. A Central Policy Unit undertakes research, analyzes policy issues, and makes recommendations for government action. This unit performs the vital groundwork for the annual policy address delivered by the chief executive to the Legislative Council. Initially, the Efficiency Unit sought “to secure improvements in the formulation of policy objectives and priorities, management and motivation of staff; control over the use of resources; and the delivery of services to customers” (*Hong Kong 1993*: 22). Subsequently, the emphasis shifted to establish “the government’s commitment to improve services to the community and to enhance openness and accountability by formulating, securing support for, and overseeing, the implementation of public sector reform” (*Hong Kong 1996*: 19).

The Independent Commission Against Corruption (ICAC) was set up in 1974 with a mandate to detect and investigate corruption. It has achieved reasonable success in containing corruption in the territory (Huque, 1995: 645). In 1988, an Office of the Commissioner for Administrative Complaints (COMAC) was established to investigate and report on complaints lodged against public organizations (see So, 1995). The agency was later renamed Office of the Ombudsman and provides citizens with “a means through which an independent person outside the Civil Service can investigate and report on grievances arising from administrative decisions, acts, recommendations or omissions” (*Hong Kong 1998*: 22).

Thus, administrative agencies in Hong Kong have undergone some changes structurally as the territory adjusted its identity from a colony of Great Britain to an autonomous region of China. The structure remains simple and monolithic, and the distribution of power has not shifted from the highest office, that of the chief executive. Several new agencies such as the Ombudsman, Consumer Council, and Efficiency Unit have been set up to reflect changes in line with other parts of the world, but the basic philosophy and orientation of administration have hardly changed. Consequently, the efforts to bring about improvements have resulted in addition (and rarely deletion) of agencies, rather than introducing comprehensive reforms. However, an observer noted that substantial "Administrative reform is necessary if . . . the civil service is to retain the capacity to deliver public goods effectively and to maintain the confidence and respect of the public" (Scott, 1988: 229).

THEMES AND STRATEGIES OF REFORM

The nature and philosophy of public administration under colonial rule are markedly different from those of an independent country. Colonial governments are interested mainly in maintaining law and order, extracting resources, and collecting and transferring revenue. For these reasons, Hong Kong was administered through a simple and centralized system of administration. There was no reason to consider changes as long as these objectives could be attained. This was facilitated by the fact that the public in Hong Kong had accepted such a system of rule and remained apathetic to public affairs, and the economy performed well to produce a gradual growth of affluence. With no public demands for change, the government was satisfied with making minor adjustments to the existing administrative agencies and practices, and so not much happened in the area of reforms for a long time. The changes were incremental and allowed the government to deal with problems as they were encountered. Generally, the aim was to ensure control and political stability as well as the health of the economy. The service element of public administration continued to be neglected as Hong Kong progressed on the road toward economic prosperity.

This point has been reiterated in some studies in Hong Kong. It is contended that "power has resided almost entirely in the hands of a small, expatriate, bureaucratic elite" in Hong Kong (Scott, 1984: 5). The government has made infrequent attempts to respond to the needs of the public, but such measures have been severely limited in scope and have not resulted in permanent improvements and benefits to the public. The changes introduced in the area of localization of the civil service can be cited as an example. "Government policy since 1946 has been to encourage complete localization at all levels of service, except for the Administrative Officer grade, the police inspectorate and some confidential assistants and personal secretaries" (Burns and Scott, 1984: 29). The policy could not be expected to result in comprehensive changes because

the most influential grade was deliberately kept insulated from the process of localization.

The government first took notice of the need to review the administrative system following a series of riots and unrest in 1966 and 1967. Following the unrest that took place in the wake of the Cultural Revolution in China, the government introduced “a number of piecemeal structural reforms” (Scott, 1984: 6). An investigation into the discontent that caused the riots indicated that there was great dissatisfaction with the arrangements for social welfare and employment, and significant improvements had to be brought about in those fields (England and Rear, 1981: 17). The Commission of Inquiry which investigated the causes of the riots recommended the establishment of channels for facilitating communication between the colonial government and the public. This led to changes in the structure of district and local administration and sought to bring government in closer touch with the citizens. However, these were stopgap measures and could not help usher in substantial changes for effecting improvements to the system.

The government of Hong Kong, recognizing the need for change, undertook to deal with the problems identified by the Commission of Inquiry following the riots. McKinsey & Company, a management consultant firm, was employed for conducting a review of the structure and operation of governmental organizations. The resultant report, *The Machinery of Government, A New Framework for Expanding Services* (McKinsey & Company, 1973), revealed several features of the administrative system in Hong Kong that were no longer adequate to fulfill the needs of the territory. The report described the administrative system as highly centralized. Work overload affected the performance of the administrators, and the lack of necessary facilities hindered long-term planning in administrative activities.

The McKinsey report proposed a number of steps such as delegation for enhancing the efficiency of the administrative agencies and dealing with the problem of work overload. It suggested

that many decisions should be entirely delegated to department Heads and lower officials, particularly minor financial changes and matters involving technical expertise without any policy implications; that programmes covering all policy areas should be drawn up and should thereafter be regularly revised and updated; and that a number of high-level posts should be created in the Secretariat, directly below the Colonial Secretary and the Financial Secretary, whose holders would have the authority to plan and control programmes within particular policy areas and could be held responsible for monitoring progress and ensuring that targets were met. (Miners, 1986: 92–93)

A reorganization of the secretariat followed the recommendations, and financial and human resource management tasks were placed at the disposal of two resource branches under the financial secretary and the secretary for the civil service, respectively. Six policy branches were created for Security, Home Af-

airs, Economic Services, Environment, Housing, and Social Services. Consequently, 14 secretaries headed various departments to deal with economic services, monetary affairs, trade and industry, district administration, security, health and welfare, education and manpower, lands and works, housing, transport, civil service, municipal services, administrative services and information, and general duties. These arrangements remained in effect for several years and appeared to be serving Hong Kong well as the territory made steady progress toward consolidating its position in the commercial world.

The next round of reforms was introduced under rather different circumstances. The 1970s and the 1980s witnessed continued economic progress, and Hong Kong was recognized as a shining example of the free market. As the territory prospered and citizens became more conscious of public affairs, the government expanded welfare services and sought to open up the rather restricted tertiary education opportunities for a larger section of the population. However, the 1982 agreement between Britain and China to return Hong Kong to Chinese sovereignty in 1997 gave rise to apprehensions and anxieties. Unsure about the shape of things to come after reversal of sovereignty, a large number of Hong Kong residents sought security in emigration.

The uncertainty and the changed circumstances appeared to place additional strains on the administrative system, which retained the characteristics from the 1960s and the 1970s. "During the early eighties there were some signs that management controls and systems were not keeping pace with the rapid developments then taking place," and steps were subsequently taken by the government to lead to the establishment of "some key budgetary guidelines" as well as a series of tight budgets to bring down the growth of consolidated expenditure" (Sankey, 1993: 71–72).

Financial control and reduction of costs emerged as the major theme of the next round of administrative reforms in Hong Kong. Similar to many other countries of the world, there appeared to be a high level of concern over the government's growing size and level of capability. In keeping with the advent of New Public Management, a need arose to reduce costs and increase the level of efficiency and productivity in the public sector. Under such a climate of increasing calls for austerity and small government, the Finance Branch of Hong Kong Government sought to lay down the guiding principles for introducing changes in the management of resources for public organizations through the release of a document entitled *Public Sector Reform* in 1989. "Value for money" became a popular slogan for the government of Hong Kong, and it was suggested that if "the same level of services can be delivered for less resource input, it should be possible to take on extra commitments" (Finance Branch, 1989).

The desired management practices in administrative agencies were to be achieved by following seven basic principles: an ongoing review of the existing base of public expenditure; proper evaluation of results; better definition of responsibilities; a match of resource and management responsibilities; appropriate organization and management frameworks; clearly defined relationships

between policy makers and their executive delivery agents; and more management and less administration (*ibid.*). The civil service was to be engaged in the main functions of overall resource planning, policy management, and policy execution, and the basic principles were to be applied in the context of these three functions.

The reforms sought to overcome the problems stemming from the incremental approach to the process of resource allocation. "Policy Secretaries should look closely at the deployment of all resources within their areas of responsibility, in particular baseline expenditure, i.e., expenditure on current activities, response to demand and the recurrent consequences of capital projects" (*ibid.*: 3). Recommendations were made to identify policy issues, formulate and review policy aims, establish policy objectives, decide on appropriate types of executive agencies, obtain resources, allocate resources to the executive agencies, and evaluate the results (*ibid.*: 4). It was proposed that the chief secretary, along with the financial secretary, should hold comprehensive annual reviews of each policy area by means of a series of bilateral meetings with policy secretaries (*ibid.*). Moreover, the resource branches dealing with finance and the civil service would determine acceptable levels of public expenditure, manage annual resource allocation exercises, and ensure that resources are used "effectively, efficiently and economically" (*ibid.*: 5).

Policy execution was accorded maximum importance because this task consumed the largest amount of resources. It was felt that various public sector agencies could be used to deliver services, but more importantly, the importance of the private sector in the process was recognized. The plan identified three types of services: core services, such as those related to public order, social, economic, or regulatory functions performed by the government as a matter of public policy; support or ancillary services, "such as printing, vehicles, computing, etc. normally provided only to other government bodies"; and commercial services, "which are provided for the general public, at a charge" (*ibid.*: 7).

Traditional government departments would plan for priorities, delegate authority, and establish an adequate system to report on and evaluate activities. Trading funds would operate on commercial principles because it could allow core services to be provided on a cost recovery basis, support services provided for a fee, and commercial services (*ibid.*: 13). Public corporations could also be used to deliver public services, but "the broad direction of corporate policies would need to be agreed between Policy Secretaries and the board of the corporation" (*ibid.*: 15). Finally, nondepartmental public bodies could also engage in the task of providing public services. The document suggested "that Policy Secretaries conduct formal discussions with the chairmen of statutory bodies to review performance with future objectives" and "consider the introduction of policy reviews and financial management surveys" (*ibid.*: 19–20).

The role of the private sector in providing public services emerged as an important element of the reform proposals. A number of operations in Hong Kong were cited as examples in suggesting that the government "may be able

to withdraw from the role of provider or arranger of a service and leave the users of the service to find alternative outlets in the private sector" (ibid.: 25). This could help reduce the size of the bureaucracy and decrease the cost of providing service to the public.

Although the 1989 reform proposals reflected the intention to bring about fundamental changes in the administrative system of Hong Kong, the main objective was to effect "a change in the attitude and approach to the spending of public money in order to improve efficiency and give a better service to the public . . . by adapting and developing the structures and procedures that already exist" (ibid.: Preface). LeHerrissier (1991: 25) found that the report provided a detailed examination of the structures required for different activities and services, and put forward suggestions "for improving the existence of various bodies and as to what kind of services and activities might appropriately be placed under what structure."

The reform proposals were discussed within the various departments of Hong Kong government, although they were not expected to generate intensive debates among public officials. Moreover, the reform package appeared "to have received relatively little attention from the media, the academia, or the public." The reasons for the lack of interest included "the nature of the document (internal) and the consequent lack of circulation, timing (immediately preceding the pro-democracy turmoil in China), as well as the low-key manner in which it was handled by the government" (Cheung, 1992: 115–116).

A number of events contributed to the relegation of public sector reform in Hong Kong to the background. The crackdown on the pro-democracy activists in Beijing in June 1989 evoked strong sentiments on both sides of the border, and so democracy, rather than public sector reform, became the key issue in Hong Kong. This was followed by the promulgation of the *Basic Law*, which set out the political and administrative arrangements to be adopted for the Hong Kong Special Administrative Region. Thus, a number of more critical issues came to the limelight and naturally overshadowed the proposals for reforms, which emphasized financial stringency. A new governor was appointed in 1992, and his determination to introduce constitutional and political reforms further complicated the issue of a smooth transfer of sovereignty. Such developments left the government with practically no scope to pursue the reform agenda.

Some of the early assessments of the 1989 reform attempt remained inconclusive. In 1992, Cheung stated that it was too early to assess the impact since the implementation of the reform program had "not gone beyond the stage of pilot studies and the full results of such experiments have yet to be ascertained" (Cheung, 1992: 116). Similarly, a public official from the Efficiency Unit admitted the following year that "Efforts have not yet been as successful as they might have been in modernizing either the institution of government or some of the attitudes of management" (Sankey, 1993: 85). Another observer noted, "Like many initiatives in the Hong Kong government, it has not been officially

promulgated as government policy and, instead, the government has chosen to announce a series of individual measures" (LeHerissier, 1992: 62).

The political environment of Hong Kong was no longer conducive for initiating substantial reforms in the 1990s as attention now focused on its return to China. Although the last British governor appeared inclined to speed up the process of democratization, intense deliberations and negotiations continued between Britain and China over numerous issues that had to be sorted out before June 30, 1997. Some of the reform proposals were implemented half-heartedly, and several others remained untouched.

Meanwhile, the Efficiency Unit, established in 1992, initiated a number of steps with the objective of effecting improvements in the administrative system. Although political issues dominated the government's agenda, a series of reviews were conducted to assess the state of human and financial resource management processes and procedures, and to suggest measures for improvement. The governor's interest in developing the performance pledges by public organizations succeeded in placing consumers of public services at the heart of administrative endeavors. Public agencies were encouraged to develop a consumer-oriented culture, and major changes could be noticed in the attitudes of the civil servants who had originally been steeped in the colonial tradition of public administration (see Lee and Huque, 1996).

A new motto, "Serving the Community," was adopted, and the chief secretary for administration elaborated on the concept by referring to vision and mission, customer feedback, staff commitment, and departmental plans (Chan, 1996: 3). "By 1995, all forty-seven departments which offered direct services to the public and nine internal service departments that served internal customers, the Civil Service Bureau and the Legal Department, for instance, had published performance pledges" (Huque, Lee, and Cheung, 1998: 133). The changes introduced during this period can be seen as a consequence of the first policy address delivered by the governor in 1992 (see Patten, 1992). And since then internal management has been streamlined; central resource branches have focused more on strategic issues, decentralizing others; and new management tools have been put in place within the management structure (Efficiency Unit, 1995: 1).

Even before the excitement over the reversal of sovereignty to China subsided, a number of weaknesses became evident in the administrative system. (For details of these problems, see Huque and Lee, 2000.) In the face of strong criticism voiced about the capability and efficiency of the civil service and the privileged conditions of their service, the government decided it was time to initiate another round of reforms. Accordingly, the Civil Service Bureau prepared a draft for reform and began a series of consultations on the latest reform for the civil service of Hong Kong. The draft cited several reasons for initiating reforms. It was suggested that the weakening of the economy and public criticism of the civil service pointed to the need to develop a trustworthy and efficient civil service. The reform seeks to create an open, flexible, equitable, and structured civil service framework, an enabling and motivating environment for

civil servants, and a proactive, accountable, and responsible culture in the Hong Kong civil service (Civil Service Bureau, 1999a: 7). At this stage, it was proposed to be restricted to entry and exit arrangements, pay and fringe benefits, disciplinary procedures, and performance management, professional training, and personal development (*ibid.*).

Several criticisms have been made against the current terms and conditions of service for civil servants in Hong Kong. Perry and Frederickson (1999: 58) found that some components of the current civil service, such as a permanent establishment status, time-in-rank pay increments, and a defined-benefit pension system help “foster the entitlement culture.” Such employment is viewed as the assurance of an “iron rice bowl,” and it appears to guarantee continuation of employment regardless of the performance level. The draft proposed introducing appointments under contract for new recruits to the civil service, redefining the concept of permanent career, and establishing a defined-contribution scheme.

These are substantial changes and will have far-reaching implications for the civil service in Hong Kong. They will allow the government to terminate contracts for poor performance, while rewarding the good performers through further contracts and other incentives. External candidates will have opportunities to compete with internal civil servants for higher positions, thus allowing new talent and expertise from the private sector to serve in the public sector. Therefore, the concept of permanent terms will denote “a promise of a structured career and long-term employment for those who continued to contribute their best” to make the entry and exit system more flexible (Civil Service Bureau, 1999a: 11). The reformed retirement system will allow “employees to carry their retirement protection with them when switching jobs between the Civil Service and the private sector” (*ibid.*).

The reforms of 1999 suggest major changes in the pay and conditions of service. There will be more frequent reviews of salary, and efforts will be made “to introduce progressively elements of performance-based reward systems” (Civil Service Bureau, 1999a: 16). The pay trend survey, used by Hong Kong government to identify the movements in the private sector and compare the salaries, will be retained, but more efforts will be made to develop better standards of comparison, while the system of fringe benefits will be kept under review.

A review mechanism and an effective disciplinary system will be established. An independent standing committee will “process disciplinary cases for all civil servants (other than those in the disciplined services who are covered by separate disciplinary procedures under their respective legislation),” and separately centralize the task in an adjudicating panel for speedy and efficient processing of cases (Civil Service Bureau, 1999a: 20).

Performance management will be strengthened along with the promotion of a results-oriented culture. Performance of civil servants will be “linked to departmental goals and responsibilities, so that departments can focus on key result areas and performance targets, as well as improve efficiency” (Civil Service

Bureau, 1999a: 23). The impact of the reform will be enhanced through continuous training and development, particularly with the objective of strengthening support for civil service reform.

In the course of the consultation process, the Civil Service Bureau received 122 submissions from staff councils/associations/unions and 527 from individuals or groups of individuals (Civil Service Bureau, 1999b: 5). On the basis of the feedback received, more detailed proposals have been drawn up, and discussions have been continued with staff and management (Civil Service Bureau, 2000: 3). The Bureau set up a number of working groups to facilitate the process of assimilating, analyzing, and incorporating views and ideas of various groups in Hong Kong, although the main directions of reforms appear to have been finalized. However, there is no doubt that the reforms initiated in 1999 will, if implemented, considerably alter the nature of the relationship between the civil servants and their employer.

The structure and organization of the government reflect the nature of the administrative system in Hong Kong and underline the rationale adopted for the changes. The simple and monolithic structure in which the former governors and their Executive Council and the highest level of the civil service exercised considerable amount of authority resulted in a top-down approach to reforms. It was necessary to bridge the distance between the colonial government and the indigenous population to allow opportunities for expressing the views and needs of the public.

Thus, several changes have taken place over the last five decades in the administrative system of Hong Kong. It is possible to discern the rationale behind such changes by referring to the circumstances under which reforms were introduced. The reforms of the 1970s were, in all likelihood, related to the violent outbursts of public dissatisfaction during the riots of 1966 and 1967. The colonial government realized, perhaps for the first time, the need to open up channels of communication with the public. This round of reforms was also influenced by the personalities of the governors who led the territory. For example, Sir David Trench (1964–1971) and Sir Murray Macle hose (1971–1982) could be credited with initiating programs for trying to set up a new system of local authorities and providing public housing for a large number of people, respectively (Miners, 1995: 70).

The rationales behind the reforms included the need to deal with structural problems, expansion of social services, reduction of costs for providing public services, and response to criticisms against the bureaucracy. Some reforms in the 1970s reflected actions to meet the needs for containing corruption, and others attempted expansion of services such as education and welfare. Reforms in the next decade were geared toward the reduction of costs associated with providing public services and an effort to introduce private sector principles and practices in public administration. Cost-effectiveness became an overwhelming consideration. By the turn of the century, the rationales appeared to be revamping the image of the civil service and incorporating measures to enhance econ-

omy and efficiency. An overview of the various reform efforts suggests that the rationales behind the introduction of these changes have been the resolution of social problems, stimulation of the economy, reduction and check on corruption and, certainly, strengthening the public administration system. But one overriding rationale could be detected in all the reform attempts. Tsang (1995) believes that efficient management of resources was a catalyst for public sector reform in Hong Kong.

Some of the reforms merely tinkered with the existing system, whereas others could be viewed as the government's response to the citizens' needs and demands. The procedures were similar in the sense that limited steps to resolve them followed the identification of problems. During the 1970s, the strategy was simple. Along with identifying the sources of the problems, the government or investigating body suggested remedies. Accordingly, changes were instituted, and the public did not have any involvement in the process. Toward the later years of British rule, the public and other interested parties had limited opportunity to participate in planning and finalizing reforms. The legislature was still largely a nominated body, and the Executive Council wielded maximum power. The strategies for reform were determined principally by the governor, his Executive Council, and senior civil servants. Under Chinese sovereignty, there are increasing opportunities for consultation and participation, with an articulate media playing an important role in disseminating information. The strategy now involves consultation, feedback, and deliberations by a number of parties before reform plans are finalized.

THOUGHTS ON ADMINISTRATIVE REFORM IN HONG KONG

It is possible to discern a pattern of administrative reforms in Hong Kong. The impetus for reforms came from various sources. Sometimes, the government felt that there were inadequacies in the system that could be corrected through reforms. Public service organizations occasionally found existing methods and practices obsolete and sought to improve them. The public expressed dissatisfaction with the amount, type, and quality of services, and reforms were introduced in response to their grievances. Interestingly, the impetus for reform in Hong Kong has always come from the top. In most cases, the civil service took the lead in determining the need and range of reforms, and was able to convince the government and the public to accept their point.

This is not surprising, considering the fact that Hong Kong's political system had not matured and strong political leadership with mass support could not develop. The presence of a group of strong and articulate senior civil servants was another critical factor. This group was able to step into the void created by the lack of political leadership and had no difficulty dominating the agenda for administrative reforms. Hence, the design and implementation of administrative reforms were performed mainly by this group of civil servants.

The simple structure of administration and the concentration of authority under a colonial system facilitated the process of implementation. Plans for reform approved by the powerful governor and his Executive Council did not face scrutiny and challenges, and decisions were accepted by the lower and middle levels of the civil service without resistance. In many ways, the bureaucracy has been the main force behind planning and designing reform proposals, and this enhanced the prospect of their acceptance by the rank and file. The distribution of power remained basically unchanged, with the governor's position taken over by the chief executive. Under both systems, the civil servants were able to exert considerable influence.

It has been possible to initiate changes in the organizational culture of public organizations. The intention "to adopt management practices which encourage individual civil servants to perform to the best of their abilities and to provide the highest possible standards of service" was made clear (Patten, 1995: 46). The Efficiency Unit sought to integrate various reform initiatives into a management framework by delegating authority to officials responsible for policy formulation and service delivery and emphasizing service to customers. Thus, there was a marked departure from the practice of making small and incremental adjustments in the structures to the development and entrenchment of new orientations among administrative officials in Hong Kong. Public officials were expected to work under a framework based on four principles, namely, accountability, living within means, managing for performance, and developing a culture of service (see Efficiency Unit, 1995).

Various interrelated factors contribute to the initiation of administrative reform, such as attacks on the public sector, changes in economic theory, impact of changes in the private sector as a result of globalization, and changes in technology (Hughes, 1998: 8–19). Reforms in Hong Kong were driven, to a considerable extent, by similar forces. But other factors, such as the reversal of sovereignty, the impact of three decades of economic success, an increasingly demanding and conscious citizenry, and anxieties about the future have all played a significant role in shaping the efforts and consequences of administrative reform in Hong Kong.

Administrative reform in Hong Kong did not present major challenges in the past. The government chose to pursue a policy of nonintervention and allowed market forces to determine the level and price of demand and supply. Consequently, adjustments had to be made in streamlining organization and procedures, correcting problems, and dealing with the public's rising demands and aspirations. The efforts were directed at enhancing efficiency, best utilization of resources, improvement of quality of service, and commitment to serving the community. But the attempts made so far have been severely limited in scope. The current thinking is that substantial reforms are required, and the government chose to bring under scrutiny several established principles and practices that have prevailed in Hong Kong for a long time. This is the kind of approach that could help bring about fundamental changes and overcome the problems that

have been incorporated in the system due to the piecemeal and incremental approaches adopted in the past.

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Chapter 7

Reformist Orientations among Middle Managers in China: The Case of Shanghai

Peter Koehn

INTRODUCTION

At the official level, the People's Republic of China has been committed to reform since the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party (CCP) held in 1978 (Dai, 1994: 190; Cheung, 1999: 231–232). Initially advanced by Deng Xiaoping in the interest of accelerated national production and enhanced public service provision,¹ official administrative reforms during the ongoing transformation of the Mainland have included increased reliance on economic institutions that are not exclusively based on the state/party apparatus, acceptance of individual entrepreneurship and the accumulation of wealth, advocacy of merit criteria and other Weberian principles (see Ma, 1996: 3–4, 8–9; Dai, 1994: 190; Freedman and Morgan, 1982: 254), and anti-corruption campaigns (see Lee, 1990; Chan, 1998: 10).

This chapter explores the extent to which middle-management orientations in one of China's most globally integrated cities (Shanghai) are consonant with or diverge from the official reformist thrust that gradually has become ascendant over the past two decades. Analysis is based on a 1997 survey of 186 nonrandomly selected current and prospective middle-management officials attending executive-training and degree-granting courses on either a part-time or a full-time basis at a major university in Shanghai.² This understudied³ middle cadre⁴ of local government officials, state enterprise administrators, and corporate managers is involved in making and implementing the daily decisions crucial to China's development in the new century (see, for instance, Guthrie, 1999: 31, 40, 217).

Table 7.1
Respondents' Self-Reported Current Position (N = 185)

<i>Position</i>	<i>#</i>	<i>%</i>
Professional	64	34.6
Manager	51	27.6
Student	38	20.5
Teacher	10	5.4
CCP cadre	8	4.3
Technician	4	2.2
Worker	3	1.6
Business owner	1	.5
Other/combination	6	3.2

THE MIX OF RESPONDENTS

A plurality (35 percent) of the respondents surveyed in this study held professional positions in Shanghai organizations (see Table 7.1). Another 28 percent reported that they were managers. These two groups included unit/office heads, section heads, bureau heads, and a few enterprise chief executives. Just over 20 percent of the respondents were advanced first-degree university students enrolled full-time in an academic program that prepares graduates for careers in administrative agencies. The remaining study participants worked in a variety of other public, party, and private business capacities.

Organizational Characteristics

Slightly more than 80 percent of the employed middle managers occupied public sector positions, and roughly half of these worked for state enterprises. Another group (18 percent) reported employment with agencies that are not exclusively state-based (i.e., joint ventures and private firms). Data regarding the specific type of public, private, or mixed organization with which the respondents were involved in 1997 are found in Table 7.2.

A majority of the employed respondents in this study (68 percent) performed tasks for organizations that operate at only the local (municipal and sub-municipal) level (see Table 7.3). Substantial minorities worked for organizations that engage in provincial and national operations (15 percent and 12 percent, respectively). Five percent were employed by agencies possessing international operations.

Table 7.4 reveals that a plurality of the employed respondents in this study (28 percent) were associated with organizations that provide public services. Another 17 percent worked at regulatory agencies and at manufacturing enterprises. The remaining respondents are distributed among organizations that perform a wide variety of different functions.

Table 7.2
Type of Organization Employed Respondents Work At (N = 153)

<i>Organization</i>	<i>#</i>	<i>%</i>
State enterprise	62	40.5
Government agency	32	20.9
Quasi-public agency	32	20.9
Domestic joint venture (JV)	8	5.2
Foreign JV without govt.	8	5.2
Foreign JV with govt.	2	1.3
100% foreign firm	7	4.6
100% private domestic firm	2	1.3

Table 7.3
Operational Level of Organization Employed Respondents Work At (N = 151)

<i>Level</i>	<i>#</i>	<i>%</i>
Sub-municipal	38	25.2
Municipal	65	43.0
Provincial	23	15.3
National	18	11.9
International	7	4.6

Table 7.4
Principal Function Performed by Organization Respondents Work At (N = 148)

<i>Function</i>	<i>#</i>	<i>%</i>
Service-public	41	27.7
Govt. regulation	25	16.9
Manufacturing product	25	16.9
Trade	12	8.1
Real estate	12	8.1
Service-private	7	4.7
Finance	5	3.4
Law and order, defense	3	2.0
Other	18	12.2

The employed respondents in this study are spread in roughly equal proportions among Shanghai organizations of small, medium, and large size (N = 150). A plurality (37 percent) worked at organizations with more than 1000 employees. One-third were employed at agencies with between 100 and 1000 employees, and 30 percent were associated with relatively small organizations in terms of work force size (100 or fewer employees).

Table 7.5
Respondents' Monthly Family Income from All Sources (N = 172)

<i>Monthly Income (renminbi)</i>	<i>#</i>	<i>%</i>
0–1,000	12	7.0
1,001–2,000	49	28.5
2,001–3,000	55	32.0
3,001–4,000	29	16.9
4,001–5,000	17	9.9
Over 5,000	10	5.8

Personal Characteristics

In terms of key personal characteristics, 60 percent of the middle-strata participants in the 1997 study were male and 40 percent were female. Roughly four out of ten (42 percent) were 30 years of age or under in 1997; 22 percent were 31–40, 29 percent were 41–50; and only 7 percent were in the 51–60 age bracket. A majority (57 percent) were members of the CCP, and another 10 percent were candidates for party membership; the remaining one-third of the respondents were neither CCP members nor candidates.

Table 7.5 shows the distribution of those surveyed by the level of their monthly family income from all sources in 1997. The majority of respondents (61 percent) belonged to families whose monthly incomes were in the RMB 1001–3000 range. About 17 percent belonged to relatively prosperous families by Shanghai standards (above RMB 4000), and another 17 percent were in the RMB 3001–4000 range.

Summary

For analytical purposes, the nonrandomly selected respondents in the 1997 study constitute an interesting cross section of Shanghai's current and prospective middle management at the turn of the twentieth century. Their reported family-income levels, university education and training pursuits, and organizational positions confirm that most of those surveyed occupied (or were about to fill) middle- to upper-middle-management and professional positions in 1997. Shanghai's vast municipal government bureaucracy is particularly well represented here, although substantial numbers of men and women who participate in China's growing private and public/private sector and who work for organizations possessing a provincial, national, or international reach also are found in the pool of respondents. The service, regulatory, manufacturing, trade, and real estate sectors, which all play an important role in China's current urban development efforts, are included. Roughly equal proportions of the employed respondents are distributed among Shanghai organizations of small, medium, and large size. Moreover, the participants in this study present the perspectives of youthful and middle-aged cadres, men and women, and CCP members and

nonmembers. In light of the diversity and inclusiveness of the organizational and personal backgrounds represented by the respondents in this study, therefore, the orientations held by these influential middle-level cadres are likely to be illuminating in terms of prospects for administrative reform in China.

SELECTED ORIENTATIONS

The research project explored the reformist orientations of Shanghai middle management from four different perspectives. The first perspective involves respondent assessments regarding the impact on China's development of economic institutions that are not exclusively state-based. The second consists of selected personal values and preferences. The third perspective examines orientations toward performance-improvement measures at the specific organization of one's employment, and the final perspective considers orientations toward policies with general (nationwide) application. The results are considered separately in this chapter for each set of orientations before considering the implications of overall study findings in terms of China's administrative reform efforts.

Perspective 1: Impact of Alternative Economic Institutions on China's Development

In assessing reformist orientations in late twentieth-century China, it is useful to examine attitudes toward economic institutions that provide production-centered alternatives to state enterprises. Such alternative organizations range from joint ventures⁵ with local, provincial, or national government participation to wholly private firms.⁶ As one approach to identifying the extent of middle-management support for the economic reforms initiated by Deng Xiaoping and Zhao Ziyang, this study asked respondents to evaluate the impact of four alternative economic institutions (domestic joint ventures, foreign joint ventures, private domestic firms, and foreign firms) on China's development as of 1997. Study participants who reported that alternative organizations have exerted a positive impact on China's development are considered to be favorably disposed toward recent institutional reforms, while those who indicated no positive impact overall are not considered to be favorably oriented toward this dimension of economic reform in the People's Republic of China.

We first consider assessments of alternative economic institutions of the purely domestic variety. Table 7.6 shows that two-thirds of the surveyed Shanghai middle cadres perceived the overall impact on China's development of domestic joint (private/public) ventures to be positive on the whole. About the same proportion of respondents (64 percent) viewed the impact of private domestic companies with no government participation in a positive light (see Table 7.7).

A majority of the surveyed Shanghai middle cadres also favorably evaluated alternative economic institutions with foreign participation. Among all of the alternative economic institutions considered, respondents most highly assessed

Table 7.6

Respondents' Assessments: Overall Impact of Domestic Joint Ventures on China's Development at Present Time (N = 129)

<i>Assessed Impact</i>	<i>#</i>	<i>%</i>
Positive (some, major)	86	66.7
No positive (negative, none)	43	33.3

Table 7.7

Respondents' Assessments: Overall Impact of "100% Private" Domestic Companies on China's Development at Present Time (N = 135)

<i>Assessed Impact</i>	<i>#</i>	<i>%</i>
Positive (some, major)	86	63.7
No positive (negative, none)	49	36.3

Table 7.8

Respondents' Assessments: Overall Impact of Foreign Joint Venture with Government Body on China's Development at Present Time (N = 134)

<i>Assessed Impact</i>	<i>#</i>	<i>%</i>
Positive (some, major)	100	74.6
No positive (negative, none)	34	25.4

Table 7.9

Respondents' Assessments: Overall Impact of Foreign Joint Venture without Government Participation on China's Development at Present Time (N = 131)

<i>Assessed Impact</i>	<i>#</i>	<i>%</i>
Positive (some, major)	91	69.5
No positive (negative, none)	40	30.5

the impact of the foreign joint venture in partnership with an agency of local, provincial, or national government. Fully three-fourths of those surveyed reported a positive overall assessment of this type of institution (see Table 7.8). About 70 percent of the respondents also favorably evaluated the impact of foreign joint ventures that involve no government participation (see Table 7.9). Finally, nearly two-thirds of the Shanghai middle cadres positively assessed the overall impact on China's development of foreign firms that operate exclusively on their own (see Table 7.10).

On the whole, the institutional assessment findings indicate (1) that most of the surveyed middle strata hold positive orientations regarding the impact on China's development of the major alternative economic organizations operating in the Mainland today and (2) that a substantial minority hold the contrary view. Foreign joint ventures with government involvement were most highly regarded,

Table 7.10
Respondents' Assessments: Overall Impact of "100% Foreign" Firms on China's Development at Present Time (N = 135)

<i>Assessed Impact</i>	<i>#</i>	<i>%</i>
Positive (some, major)	88	65.2
No positive (negative, none)	47	34.8

and wholly private domestic firms were evaluated positively by the smallest proportion of those surveyed. Although between two-thirds and three-fourths of the respondents perceived the impact of each of the five alternative economic institutions in a positive light, it should be noted that most respondents also positively evaluated the overall impact of China's pre-reform economic institutions. With the slight exception of state enterprises at the provincial and municipal levels (65 percent and 66 percent favorable rating, respectively), between 68 percent and 76 percent of those surveyed reported positive assessments of the impact on China's development of government agencies, quasigovernment bodies, and state enterprises at all three levels of government.

Perspective 2: Personal Values and Preferences

Personal values and preferences provide an important indicator of the extent to which administrators have internalized reform efforts. The 1997 Shanghai middle-management survey employed three items related to motivation in organizations for inquiry in this connection. The selected motivational items deal with orientations on the uncertainty-avoidance and collectivist-versus-individualist continuums. Respondent preferences for accumulating individual wealth and for engaging in risk-taking behavior, as well as their reactions to the use of differential performance rewards, are presumed to reveal important personal reformist orientations in the context of late twentieth-century China.

A gradual effort to terminate the "iron rice bowl" among government employees—particularly those employed in inefficient state enterprises at all levels—constitutes a massive ongoing dimension of administrative reform in contemporary China (see Naughton, 1996: 295–298; Rosenthal, 1999b: A9; Freedman and Morgan, 1982: 248; Xu, 1997: 5). The results of the 1997 study reveal that a majority of the surveyed middle-strata respondents were oriented in a direction that is supportive of this dimension of China's reforms (also see Cheung and Chow, 1999: 383; Huang and Yang, 1987: 156–157). About 56 percent of the study participants opted for entrepreneurship—defined to include risk, competition, and potentially high payoff—over economic security (see Table 7.11).

On the other hand, data shown in Table 7.12 suggest that collectivist orientations remain stronger than individual economic motivations, even among middle-management respondents located in the international-business-focused

Table 7.11

Respondent Orientations: "I Prefer Entrepreneurship (Including Risk, Competition, and Potentially High Payoff) to Economic Security" (N = 174)

<i>Orientation</i>	#	%
Entrepreneurship (agree)	97	55.7
Not entrepreneurship (disagree, neither)	77	44.3

Table 7.12

Respondent Orientations: "My Actions Show That Usually I Am Willing to Sacrifice Personal Wealth in Order to Serve the People" (N = 179)

<i>Orientation</i>	#	%
Accumulate personal wealth (disagree)	37	20.7
Serve the people (agree, neither)	142	79.3

Table 7.13

Respondent Orientations: "Differential Rewards Motivate High Levels of Performance" (N = 179)

<i>Orientation</i>	#	%
Differential rewards motivate (agree)	133	74.3
Differential rewards do not motivate (disagree, neither)	46	25.7

city of Shanghai (also see Cheung and Chow, 1999: 383). Roughly 80 percent of the respondents in this survey reported that they typically placed serving the people ahead of opportunities to accumulate personal wealth. One interpretation of the Table 7.11 and Table 7.12 findings, therefore, is that while many of the middle cadres surveyed are willing to risk personal economic security in order to realize extraordinary financial gains, they are not able to neglect or impair collective societal interests in pursuit of individual wealth and status.

Nevertheless, there are limits to the extent to which collectivist orientations constrain these Shanghai respondents. Thus, many perceived no contradiction between rewarding performance differentially and serving the people's interests. The data presented in Table 7.13 show that nearly three-fourths of the middle-strata men and women participating in the 1997 study believe that differential rewards motivate high levels of human performance.

Table 7.14

Respondent Orientations: “Importance of Merit-Based Personnel Decisions in Helping to Overcome Problems or Constraints That Adversely Affect My Organization’s Current Performance” (N = 170)

<i>Orientation</i>	#	%
Important	124	72.9
Not important (or neither)	46	27.1

Table 7.15

Respondent Orientations: “Importance of Social Equality in Helping to Overcome Problems or Constraints That Adversely Affect My Organization’s Current Performance” (N = 170)

<i>Orientation</i>	#	%
Important	71	41.8
Not important (or neither)	99	58.2

Perspective 3: Organizational Performance-Improvement Measures

This section considers respondent orientations toward three specific administrative reform measures. The surveyed middle cadres evaluated each reform proposal from the perspective of its potential for overcoming conditions that constrained the performance of the organization they were involved with in 1997. The items selected deal with fundamental issues of concern to middle managers both in terms of how they treat subordinates and how they are treated by their superiors.

The first reform proposal assessed by those who participated in the study involved making personnel decisions on the basis of merit criteria (see Freedman and Morgan, 1982: 248, 252–253). Adopting merit considerations turned out to be a popular administrative reform measure (also see Yang et al., 1999: 17–19). Over 70 percent of the surveyed Shanghai middle cadres believed that merit-based personnel decisions would help overcome problems or constraints that were adversely affecting the current performance of their organization (see Table 7.14).

In the same vein, a majority of the respondents (58 percent) indicated that adherence to principles of social equality is not important when it comes to overcoming barriers to effective organizational performance (see Table 7.15). The orientation held by most of the surveyed Shanghai middle cadres toward the relationship between social equality and organizational performance suggests a willingness to entertain one of the most challenging administrative reform measures advocated by the PRC leadership—that is, downsizing millions of redundant workers, particularly those employed by inefficient state enterprises.

Table 7.16

Respondent Orientations: "Importance of Strict Enforcement of Anti-corruption Measures in Helping to Overcome Problems or Constraints That Adversely Affect My Organization's Current Performance" (N = 170)

<i>Orientation</i>	#	%
Important	87	51.2
Not important (or neither)	83	48.8

Table 7.17

Respondent Orientations: "Contact with the West, Including Intercultural Exchanges, Should Be Encouraged" (N = 181)

<i>Orientation</i>	#	%
Encourage contact with West (agree)	170	93.9
Not encourage contact (disagree, neither)	11	6.1

Respondent orientations toward the importance of strict enforcement of anti-corruption measures constitutes the final organizational reform indicator analyzed here. It should be noted at the outset of this discussion that most cases of corruption in China today occur among bureaucratic cadres at the "implementation level" (Lee, 1999: 30; also see Rosenthal, 1999b: A9). Table 7.16 shows that a bare majority (51 percent) of the surveyed middle-strata personnel assessed anti-corruption efforts as an important means of overcoming the problems or constraints afflicting their agency's performance.

In sum, the study findings indicate that a majority of respondents were favorably oriented toward three major administrative reform measures that would affect the organization in which they were involved. With the exception of merit-based decision making, however, a substantial minority of the respondents were not convinced of the importance of these measures in 1997.

Perspective 4: National Policy Positions

Finally, we explore the orientations of the surveyed Shanghai middle cadres toward selected post-1978 reform policies with national and international ramifications. Here, we are interested in the extent to which commitment to the dramatic post-Mao reforms introduced by the CCP leadership has filtered down to the critical middle (implementation) strata of bureaucracy in one of China's most cosmopolitan cities.

The Table 7.17 data show that over 90 percent of the men and women who participated in the survey favored China's late-twentieth-century policy of "opening" to the West.⁷ Only 11 respondents did not approve of this reform policy.

Table 7.18

Respondent Orientations: “Foreign Investment in China Should Be Discouraged by Government Policies” (N = 181)

<i>Orientation</i>	<i>#</i>	<i>%</i>
Should not be discouraged (disagree)	82	45.3
Should be discouraged (agree, neither)	99	54.7

Table 7.19

Respondent Orientations: “China Should Give Priority to Becoming a Member of the World Trade Organization” (N = 181)

<i>Orientation</i>	<i>#</i>	<i>%</i>
Priority to WTO Membership (agree)	157	86.8
No priority to WTO (disagree, neither)	24	13.2

The survey included two items that solicited respondent opinions regarding specific economic dimensions of China’s official “open” policy of encouraging expanded economic relations with the global capitalist economy (see Howell, 1993: 3; Lardy, 1992: ix). The first focused exclusively on direct foreign investment in China (see Naughton, 1996: 302–303). In this case, a majority (55 percent) of the Shanghai middle cadres held attitudes that were not consistent with the government’s reform policy of encouraging increased foreign investment in China (see Table 7.18).⁸ Nevertheless, a substantial majority (87 percent) supported the official policy of seeking admission to the World Trade Organization (WTO) in 1997 (see Table 7.19). While attaining WTO membership would facilitate foreign investment in the PRC, increase competition with transnational firms, and require import liberalization (Naughton, 1996: 304), it would be accompanied by expanded access for China’s enterprises to overseas markets.

Three policy orientations explored in the 1997 Shanghai study involve reforms that many analysts agree are essential if China’s economic growth is to continue in the new century (see, for instance, Naughton, 1996: 322). The survey instrument asked study participants to assess each of these reforms as important or not important in terms of the country’s future economic development. Tables 7.20–7.22 indicate that considerable support existed among the Shanghai respondents for all three of the reform proposals.

The data presented in Table 7.20 show that fully 78 percent of the surveyed middle cadres rated state enterprise reform as important in 1997. Only 22 percent did not hold this orientation. An even higher proportion of the responding survey participants (82 percent) assessed overcoming corruption as an important general

Table 7.20

Respondent Orientations: Importance of Reform of State Enterprises for China's Continued Economic Development (N = 182)

<i>Orientation</i>	#	%
Rated important	142	78.0
Not rated important	40	22.0

Table 7.21

Respondent Orientations: Importance of Overcoming Corruption for China's Continued Economic Development (N = 182)

<i>Orientation</i>	#	%
Rated important	149	81.9
Not rated important	33	18.1

Table 7.22

Respondent Orientations: Importance of Reform of the Legal and Regulatory System for China's Continued Economic Development (N = 182)

<i>Orientation</i>	#	%
Rated important	127	69.8
Not rated important	55	30.2

Table 7.23

Respondent Orientations: "Disparities in Wealth Are Inevitable If Most People in China Are to Experience Some Progress in Material Terms" (N = 177)

<i>Orientation</i>	#	%
Disparities in Wealth Inevitable (agree)	141	79.7
Disparities in Wealth Not Inevitable (disagree, neither)	36	20.3

reform measure (see Table 7.21). In addition, 70 percent of the respondents supported reform of China's legal and regulatory system as an important measure in order for China to realize sustained economic development (see Table 7.22).

Finally, we consider respondent orientations toward one of the most far-reaching policy changes introduced by Deng Xiaoping: that it is acceptable for "some people to get rich first" in order for all eventually to prosper (see Xin Liu, 1997: 102). Table 7.23 reveals that the overwhelming majority (80 percent) of the surveyed Shanghai middle-strata cadres accepted an orientation toward disparities in wealth that is consistent with official reform discourse. In 1997,

Table 7.24
Respondent Orientations: Summary of Findings

<i>Orientation</i>	<i>Reformist?</i>	<i>% Reformist</i>
<i>(1) Positive Impact of Alternative Economic Institutions</i>		
Domestic joint ventures	YES	67%
100% private domestic companies	YES	64
Foreign joint ventures with Govt	YES	75
Foreign joint ventures without Govt	YES	70
100% foreign firms	YES	65
<i>(2) Personal Values and Preferences</i>		
Entrepreneurship over econ security	YES	55
Accumulate personal wealth ahead of serve the people	NO	21
Differential rewards motivate performance	YES	74
<i>(3) Important Organizational Performance Improvement Measures</i>		
Merit-based decisions important	YES	74
Social equality not important	YES	58
Strict anti-corruption efforts important	YES	52
<i>(4) National Policy Positions</i>		
Contact with West should be encouraged	YES	55
For. investmts should not be discouraged	NO	46
Priority to WTO membership	YES	86
Reform state enterprises important	YES	78
Overcoming corruption important	YES	82
Legal & regulatory reforms important	YES	71
Disparities in wealth necessary	YES	80

only 20 percent rejected the proposition that material improvements for the masses necessitate disparities in wealth.

In sum, the surveyed Shanghai middle cadres tended to adhere to orientations that are consistent with government reform policies of national scope. Internally oriented policies received more extensive support than externally oriented reform measures.

DISCUSSION

Table 7.24 presents in summary format the findings reported in this chapter regarding the reformist orientations held by surveyed Shanghai middle cadres in 1997. On the whole, the respondents demonstrated a remarkable breadth of commitment to reformist orientations. A majority of those surveyed adhered to perspectives deemed supportive of China's administrative and economic reform measures on 16 of the 18 items analyzed above. Study participants expressed the most widespread support for encouraging contacts with the West and for

joining the World Trade Organization and showed the least commitment to the individualist ethic of placing priority on the accumulation of personal wealth.

These exploratory findings suggest that support for China's administrative reform and economic development paths can be found among a broad cross section of the middle-management cadres which perform crucial roles in policy implementation at municipal, provincial, and national levels—at least in the progressive city of Shanghai.⁹

The data also suggest several cautionary interpretations in terms of the extent of commitment to reform at the middle levels. In the first place, the men and women who participated in this study tended to be favorably disposed toward certain reform measures (e.g., anti-corruption efforts) from a general, nationwide policy point of view rather than from an immediate application to “my organization” perspective. Respondents also tended to perceive the impact of both nonreformed and alternative institutions in a positive light.¹⁰ This finding is consistent with the “polymorphic” and evolving character of the transitional state in China “whereby features of the former institutional complex coexist with the seeds of a new matrix” (Howell, 1993: 204).

The finding that a sizable minority of respondents (even in Shanghai) remained uncommitted in 1997 to most of the reform items presented in this study (particularly with respect to personal values) suggests that pre-reform orientations retain a powerful attraction among China's administrative elites. The presence of diversity rather than uniformity in administrative orientations could provide a source of innovation and strength or of conflict and confusion for China's development organizations in the new century. Finally, persisting tensions between equalitarian and professional values (see Freedman and Morgan, 1982: 258) and between collectivist and individualist perspectives remain unresolved among this group of middle-management personnel.

Lack of consensus and ambivalence in middle-cadre orientations is likely to retard the implementation of some official reforms and to generate pressures for the abandonment or alteration of others. At the same time, the prospect of fruitful hybrid approaches emerging from various combinations of traditional, Maoist, and post-Mao orientations offers considerable promise in China (also see Yang et al., 1999: 19). One implication of these findings, for instance, is that the managers of public organizations are likely to realize improvements in performance by relying on differential (primarily nonmonetary) rewards as motivators¹¹ while focusing on the goal of enhanced public service outcomes. Another implication is that Shanghai's current public organization climate of genuine differences in perspectives and in policy preferences will require a new emphasis on organizational-communication, conflict-management, negotiation, and accommodation skills.

Although they often are overlooked or ignored, the orientations held by middle-level managers are a crucial factor shaping the outcome of administrative reform and economic development efforts in developing countries (also see Hay, et al., 1990; Koehn, 1991: 246–251). In China, the powerful “middle strata of

corporate directors and local government leaders” control and manage an exploding array of economic undertakings and, therefore, largely “run” the country (Zweig, 1997). This exploratory study suggests that many middle managers in Shanghai have superimposed reform orientations on a socialist foundation of attitudes regarding development and on state-dominated institutions in a unique transitional path to distinctively Chinese administrative and development outcomes (also see Guthrie, 1999: 6, 217).

NOTES

1. Deng “focused on economic development and linked administrative reform with economic development” (Ma, 1996: 9). On the need for administrative reforms to accompany China’s economic reforms, see Burns (1993: 348–349).

2. The author, along with a colleague at this university, jointly prepared the survey instrument, which was administered in Chinese to all attending students.

3. Gordon Cheung and Irene Chow (1999: 370) point out that while managerial values are likely to have changed dramatically in light of China’s rapid economic development in the 1990s, available studies tend to be “based on data collected in the late 1980s.”

4. John Burns (ed. note in Dai, 1994: 201) defines cadres as “white-collar managers, administrators, and professionals employed in administrative agencies, service units, and economic enterprises.”

5. On the observed connection in Shanghai between the establishment of joint venture partnerships and the adoption of formal organizational systems and procedures, see Guthrie (1999: 42).

6. On the recently improved status of the latter, see Rosenthal (1999a: A9).

7. Jiang Zemin, in particular, has advocated cultural exchanges on the grounds that “one can learn from others’ strong points and offset one’s own weaknesses” (Ren Yue, 1999: 225, 265n).

8. Furthermore, only 18.2 percent of the respondents ($N = 170$) viewed increased foreign investment as important in overcoming the problems or constraints that confronted their organizations in 1997. Xin Liu (1997: 102) maintains that the government’s “emphasis on foreign investment and overseas capital as the key source for economic development in recent years” is based on the underlying assumption (apparently rejected by the Shanghai middle cadres surveyed in this study) that “wealth is ‘out there’ and needs to be seized.” These findings also lend support to Aihwa Ong’s (1997: 175, 177, 179) assertion that “while China welcomes offshore Chinese investments, mainland officials remain ambivalent and suspicious of capitalism, and of overseas Chinese who appear to have little sentiment for the motherland.”

9. On the exceptional dimensions of Shanghai’s economic transition, particularly the extent of foreign capital investments, see Guthrie (1999: 12–15). On the other hand, Shanghai’s participation in the global economy has been handicapped by “basic structural features of its economy” and by “China’s largely unreformed national tax structure” (see Lardy, 1992: 134–135). On balance, as Doug Guthrie (1999: 14–15) concludes, “although Shanghai may be qualitatively different from several other areas in terms of institutional structure and change, this difference is primarily a function of degree rather than kind. Shanghai is simply further along in the process of change.”

10. Moreover, the respondents' positive orientation toward merit criteria might not preclude "attaching *equal* importance to professional competence and political integrity" [emphasis mine]. Indeed, the coexistence of both types of criteria is the likely outcome of reforming civil service regulations while retaining "strong Chinese socialist characteristics." According to Dai Guangqian (1994: 192–193), this would mean, for instance, "that the offer of appointment to applicants is subject not only to their examination results, but also to satisfactory results of background investigations that include an objective assessment of an applicant's political loyalty, performance, and morality" (also see Burns, 1993: 355–356).

11. More than three-fourths (76 percent) of the surveyed middle cadres (N = 177) evaluated "involvement in decision making" as an important or very important personal workplace consideration. High salaries and bonuses—one of the primary incentives relied upon to stimulate individual motivation in the early stage of China's economic reform (Guthrie, 1999: 78)—also were rated as important or very important by most study participants (73 percent). However, nearly two-thirds of the 1997 respondents (66 percent; N = 181) agreed or strongly agreed with the statement that "an exciting career is more important than material comforts" (also see Bai, 1987: 171).

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Part II

**Administrative Reform,
Reorganization, and Revolution
in the Near/Middle East**

Chapter 8

Reorganization, Reform, and Revolution in Contemporary Iran

Ali Farazmand

INTRODUCTION

Studies of political systems (Huntington, 1968; Peters, 1991, 1994) reflect a great deal of attention to reorganizing and reforming government administration by governing elites across the world. They prescribe reform as a substitute for revolution (Huntington, 1968). Similarly, studies of contemporary Iranian governments (Bill, 1972; Farazmand, 1989, 1998, 1999; Zonis, 1971, 1975) indicate the degree to which reform, reorganization, and revolution have succeeded in achieving the intended objectives with unintended consequences for the regime in power. In fact, reorganization and reform of the administrative system are among the most frequent and most expensive activities that governments have undertaken since ancient times. Reorganization and reform are usually carried out for a variety of political and administrative reasons, but often these reasons extend beyond intended purposes and have major social and economic consequences beyond the governing elite's control. Yet, many reform and reorganization attempts fail to achieve their stated objectives.

Studies of reform and reorganization (see, for example, March and Olsen, 1983; Caiden, 1991; Peters, 1994) show that administrative reforms often fail and result in major disappointments. One is cautioned against the pace and expectations of such governmental undertakings in both developing and developed nations. While the first point concerning reform and reorganization of modern governance serves as a theoretical background for this chapter, the second point regarding failure of administrative reform directly relates to the reorganization, reform, and revolution in contemporary Iran under the Pahlavi regime of the Shah.

Study of administrative reform and revolution in Iran is important for many

reasons, including Iran's significant historical place in world civilization, its unique geopolitical situation in the Near/Middle East, and its dramatic changes in the twentieth century, especially the revolution of 1978–1979 which replaced the world's longest tradition of monarchy with an Islamic Republic system of governance. The Islamic system combines the secular ancient Persian systems of government based on kinship with that of the Islamic governance based on the divine law of God on earth. Iran's case is also important because of the contributions of the late Shah's administrative reform to the historic revolution of 1978–1979 and because of its implications for reorganization, reform, and governance.

Although the terms *reorganization* and *administrative reform* are used interchangeably in this chapter, it is important to make a distinction between them. While reorganization refers to structural changes in the government and its administration, administrative reform is generally meant as changes in the processes, procedures, and relations between and within government administration (Peters, 1994). This distinction is useful for the purpose of this and other studies of administrative reform as they relate to the whole governmental system. In contemporary Iran, both reorganization and reform apply to clearly defined periods of political and regime changes. Revolution refers to a critical crisis that ruptures the very nature of a system, with fundamental consequences for political regimes and their governing elites, and with unexpected outcomes. It is the highest form of political crisis that cannot be managed through reform or reorganization. In fact, it may be argued that it is a consequence of reorganization, as it is presented in the case of Iran. Therefore, presentation of reorganization and administrative reform in Iran will lead to at least three theoretical contributions: legitimacy and administrative reform; reorganization and reform as political phenomena; and the relationship between reform and revolution.

This chapter presents a brief background on Iran's political and administrative systems and discusses the Iranian government's attempts to reorganize and reform the administrative system, followed by an analysis of their success and failure. Revolution is discussed in relation to administrative reform and political change; revolution is a consequence, in part, of the failure of administrative reform. The Constitutional Revolution of 1906–1911 is noted briefly, while the 1978–1979 Revolution is the focus of analysis for its sweeping, radical transformation of Iran in contemporary world systems. The impact of the Revolution on Iran's bureaucracy and administrative system is discussed, with a final note on the recent reforms and reorganization of the administration in post-revolutionary Iran.

The data for this chapter were collected through a variety of Persian and English sources: published and unpublished materials, earlier personal research and publications, personal experiences as a former civil servant in Iran, Persian newspapers and other materials, personal observations during several visits to Iran after the revolution, and personal interviews with a large number of civil

servants, politicians, administrators, and citizens. It is also based on the author's forthcoming book on Iranian politics and administration.

BACKGROUND ON IRANIAN POLITICS AND ADMINISTRATION

Iran is one of the oldest nations on earth. It also had the longest historical tradition of monarchy until its replacement in the 1979 revolution. With a political history of well over nine thousand years, the Iranian administrative system goes back to the earliest time in history. As a bridgeland between the East and the West, Iran was the site of one of the oldest ancient civilizations, with advanced traditions of administrative and governance systems to be modeled on by following generations of empires and nation-states. Today, the legacies of the advanced administrative system and bureaucracy of the ancient Persian Empire can be traced not only in Middle East governments and administrations, but also in Western administrative systems that reflect the earlier direct and indirect borrowing by Romans of the Persian administrative traditions.

Despite such ancient glory of governance, culture, and administrative achievements, modern Iran has lagged behind in its progress toward advanced levels of governing and public administration. Turmoil, change, political upheaval, and revolution have characterized modern Iran's political and administrative systems as foreign interventions permeated the country. Unfortunately, many of these chaotic changes were diverted, by indigenous as well as exogenous forces, from producing dynamic, self-referential systems of governance and administration in which innovation, creativity, and progress would lift it to a higher level of development. Consequently, administrative systems suffered in contemporary Iran.

The chaotic conditions in Iran during the last three centuries led to changes in three political regimes. Two national revolutions are byproducts of the country's inability to adapt under external pressure to the rapidly changing environment of the time. Efforts to reorganize the government structure and reform the administrative system failed during the nineteenth century under the despotic, corrupt, and decentralized government of the Qajar dynasty. The result was the bloody Constitutional Revolution of 1907–1911 which marked a new chapter in Iranian political history by changing its system to a constitutional monarchy. It produced a consultative assembly, Majles, with separation of powers, and it created the office of prime minister as the chief executive officer and the king as the constitutional sovereign. Yet, the late monarch of the Qajar as well as the founder of the new Pahlavi regime, Reza Khan, saw these structural changes as a threat to their absolute powers. They preserved the status quo and suppressed the dynamic forces of real structural change in Iran's public administration and governance.

The Pahlavi regime came to power at the turn of the twentieth century amid the chaotic conditions of 1916–1921 in which several populist-democratic, rev-

olutionary movements swept the nation and invited interventions by Imperial Britain from the South pursuing a war against the Bolshevik revolution in Russia (Farazmand, 1989). One of the most popular revolutionary movements of this period was the peasant-based Jangal (Forest) Revolution under Mirza Kuchek, who established the first democratic Republic of Gilan in northern Iran with the plan of extending it to all Iran. The structural changes of this new government, along with the genuine administrative reforms of this Republic, were massive and impressive. However, this new development was not acceptable to British and even American political strategists. A subsequent military coup led by the then minister of war Colonel Reza Khan, a Russian trained and backed by Imperial Britain, defeated the nationalist revolutionary movements and created the Pahlavi regime when Reza Khan overthrew the Qajar dynasty and crowned himself as the new shah of Iran. The sweeping administrative reforms of the short-lived revolutions were reversed by the introduction of a new wave of top-down reforms and repression aimed at bolstering the new regime and establishing its political control over the nation. The rebirth of a centralized bureaucracy with a civil service system, as well as a series of other economic, military, political, and institutional changes, are examples of the new changes. A new infrastructure was built in Iran along with the foundation of a dependent capitalism through development of the comprador bourgeoisie—capitalist agents of the Western corporations.

Reza Shah's absolute dictatorship permitted no viable role for civil society, nongovernmental institutions, the religious leadership, or any other political forces in government and governance process. He banned all political parties, suppressed all religious leaders and institutions, abolished the parliament and the judiciary, and established a true dictatorship that lasted until 1941. During this period, he created a new generation of military-bureaucratic elites by granting them large lands and properties confiscated by force from the previous Qajar aristocracy and the royal family. At the end of his reign, Reza Shah owned more than 2,000 of the best villages of Iran, with an annual income of over \$30 million. The new military-bureaucratic elites formed the backbone of the so-called Thousand Family Elite who operated the Pahlavi regime and dominated the country's economy, politics, and administration until 1979.

Reza Shah's abdication in 1941—forced by the Allied forces—once again lifted the absolute monarchy from the Iranian political arena, and relative democracy began to flourish in Iranian politics. The young Mohammad Reza Shah was in no position to continue in his father's path, and political participation and activities grew during these turbulent years in which international leverages shifted in favor of the Americans who sought to replace British hegemony in the prewar era. Like many parts of the world, Iran became an embattled scene of U.S.–British rivalry, as well as being transformed into one of the strategic targets of Cold War manipulation by the two superpowers of the United States and the USSR.

The administrative elite in Iran was not separate from the political elite who

also held economic elite positions. However, the elite configuration was complex in that three groups emerged as key powerholders, after the supreme power of the Shah and his royal family: (1) the traditional landed aristocracy still dominant in local areas and in control of local administration; (2) the religious leadership—now on the rise again—in control of the basic educational system as well as the judicial system; and (3) the new generation of bureaucratic (military and civilian), industrial, and commercial elites. To these groups must be added the traditional business elite of the Bazaar merchants whose influence in Iranian politics and among the people was well entrenched, but who were suppressed by both Shahs of the Pahlavi regime.

The relative democracy of the 1940s produced a powerful nationalist-secular elite under the loose organization of the National Front whose political pressure to preserve constitutional rights posed a challenge to the Shah's patrimonial monarchy. The leader of the National Front, Dr. Mohammad Mosaddegh, a French law graduate and a highly popular figure among Iranian nationalists, gained the prime ministership. Mosaddegh's sweeping administrative and political reforms challenged the Shah on many grounds and forced him into a position of constitutional monarch, which he resisted. In 1951 Mosaddegh also nationalized the British-controlled Iranian Oil Company with compensation. The United States joined in the British boycott of Iranian oil in an attempt to bring down the Mosaddegh administration, but the effort backfired, instead increasing the premier's popularity. Although he was also a strong anti-communist, his appeal to the Eisenhower administration for support was rejected.

The next three years, 1951–1953, proved a turning point in modern Iranian politics. Several military coups against Mosaddegh were uncovered, and he garnered yet more support from the people through a nationwide referendum, forcing the Shah to flee from Iran in August 1953. Three days later, a successful military coup d'état supervised by the CIA under Kermit Roosevelt's leadership toppled Mosaddegh's leadership and brought the Shah back to Iran (Roosevelt, 1979; Zonis, 1971; Katouzian, 1980). The Shah now owed his throne to the Americans and to Kermit Roosevelt in particular (Roosevelt, 1979).

Iran was enveloped in a blanket of terror and repression for the next 25 years. First, martial law was declared, which lasted until 1959. All political parties were banned, and all political opposition groups were severely suppressed. For example, the popular Tudeh (communist) party was practically demolished, with its leaders and followers executed and tortured in prisons by SAVAK, the notorious secret police. SAVAK was created with the help of the CIA and Mossad of Israel in 1957 (see Farazmand, 1989 and Katouzian, 1980 for more details on this deadly organization). The parliament became a farce, the judiciary was placed under military command, and the Shah became an absolute dictator, operating at the center of power, corruption, and repression, to the point that the Shah, the state, and the administration became one (Binder, 1962; Farazmand, 1989; Cottam, 1979a).

Installed to power by the United States, the Shah became "America's Shah"

(Cottam, 1979b; Helmut, 1975). From the beginning he did not have the popular support of Iranians, and no matter what he did out of his personal ambition for the next quarter century (Zonis, 1993; Alam, 1991; Hoveyda, 1980), the Pahlavi regime never gained legitimacy among the people, whether educated or uneducated, urban or rural. This lingering legitimacy crisis, along with the American dictates, would lead to some administrative and other reforms in Iran in the post-1953 era.

THE SHAH'S ADMINISTRATIVE REFORM

The post-1953 reorganization of governance and administrative reform can be divided into two distinct periods: the 1950s and 1960s. While the first reforms were for power consolidation of the regime and its elite reconfiguration, the second reforms were carried out for much broader political, economic, and social purposes.

The 1950s Reforms

Immediately after the Shah returned to Iran, a series of top-down reorganizations and reforms were carried out. These reforms had two broad purposes: to consolidate the Shah's power and his regime, and to change the configuration of the political and administrative elites. The economic changes that also followed reinforced the positions of the Shah and the ruling elites. First, the Americans now replaced the British as advisors in Iran, as would occur in most post-war developing countries. Iran's oil was denationalized, and a consortium of seven Western oil companies, of which the majority of shares belonged to U.S. corporations, took control of Iranian oil for the next 25 years.

Politically, the parliament was reorganized by appointing handpicked deputies and Senate members of the higher house. Although the lower house was filled by cronies of the regime, the Senate was filled by the now thousand-family ruling elites, whose power was extended into all areas of the Iranian economy and politics. Nevertheless, a good number of these parliamentarians came from the traditional landed elites whose loyalty to the regime was based on mutual gain, for most of these elites also controlled the administration and economy of the provinces and local areas. All political parties and activities were banned, and martial law and repression leading to bloodbath characterized this period of Iran's history. The Iranian people, deeply wounded in heart and soul, suffered because of two forces: the United States and the Shah. The Shah now gathered around him some of the most corrupt and repressive personalities in the country and was part of a royal family so corrupt that the regime often found itself having to assure foreign supporters that it would indeed clean its house (Hoveyda, 1980; Alam, 1991; Bill, 1972).

The administrative reforms of this period helped consolidate the regime and its elites. This was done under Point Four, a Marshall Plan-like program, initi-

ated by the United States and implemented under U.S. supervision. One major aspect of the plan involved implementation of programs aimed at the consolidation of political power through institution building (i.e., bureaucratization), state reorganization, and provisions of massive security and military forces. A second major part of the administrative reform dealt with the internal administrative and organizational systems of the public sector.

The civil service system was expanded, new public agencies were created, and the number of patronage appointees increased dramatically. The patronage appointees replaced a large number of professional bureaucrats and civil servants, many of whom were considered to be part of the intelligentsia and supporters or sympathizers of the deposed Mosaddegh administration and the Tudeh Party. Corruption and repression were justified on the basis of the Cold War (Cottam, 1979a; see also Farazmand, 1989). The administrative reform also involved modernization and Westernization (more specifically, Americanization) of the Iranian administrative system and its culture, as well as preservation of the Pahlavi regime. In addition, the administrative reform further enlarged the bureaucracy to absorb an increasing number of high school and college graduates "just to keep them busy" (Bill, 1972; Sherwood, 1980).

Centralization of the bureaucracy and administration was key to reorganization during this period not only to consolidate but also to reinforce the power of the regime. As a result, the national five-year planning system was introduced for development purposes, training for managerial capacity building was developed, and American consultants became very busy in training managerial, political, and security executives throughout Iran. The first Institute of Public Administration and other management training schools were created under American supervision, all of which were expanded in the 1960s and contributed to the development of education in public administration and modernization of the administrative system.

The most important element of this reorganization and reform was the creation of SAVAK in 1959, with the assistance of the CIA and Mossad of Israel. Working along with the expanded and modernized army, the deadly SAVAK would be responsible for systematic tortures, executions, harassment, and repression of massive numbers of Iranians both within and outside the country for the next 20 years. This omnipresent force brought humiliation, fear, and psychological breakdown to a very proud and cultured people.

The Administrative Reforms of the 1960s

By 1960, the regime had been consolidated, with the Shah's power extending beyond the capital city of Tehran, all resting on the internal military and bureaucratic institutions as well as on the external support of the United States. However, "America's Shah" lacked a fundamental necessity to rule: legitimacy. In addition, about 75 percent of the population lived in rural areas as virtual serfs, controlled by local landed elites who enjoyed semi-autonomy in both

administration and politics. The local economy was in a semi-feudalistic condition, characterized by poverty and poor capital mobility.

Under the extreme conditions of feudal repression and exploitation, social conditions in the countryside grew to be explosive. A peasant revolution that would sweep both the regime and the local landed elite supporters out of power was soon an expected phenomenon. Since the Pahlavi family also owned more than 3000 of the best agricultural villages of Iran, the peasant revolution would surely topple the whole regime. Moreover, the domination of the national parliament by local feudal chiefs, lords, and landed khans had created a potential counterbalance of power against the regime, which the Shah resented and feared (Katouzian, 1980; Cottam, 1979a; Helmut, 1975; Farazmand, 1989).

It was under these socioeconomic and political conditions that the Shah reluctantly accepted a U.S.-imposed plan of reorganization and reform during the Kennedy administration. Modernization theorists such as Huntington recognized the importance of the peasantry in maintaining the political system. Therefore, Huntington's (1968) modernization theory was taken as an effective prescription for the problems of "changing society from traditional to modern," asserting that (1) reform could be used as a substitute for revolution, and (2) modernization toward capitalist development had inevitable costs of socioeconomic displacement among the population and should be considered normal. "In some circumstances reforms may reduce tensions and encourage peaceful rather than violent change. In other circumstances, however, reform may well exacerbate tensions, precipitate violence, and be a catalyst of rather than a substitute for revolution" (pp. 6-7). According to Huntington, the city was the center of politics, but the "role of the countryside is variable: it is either the source of stability or the source of revolution" (p. 292). "Of the political system, opposition within the city is disturbing but not lethal. Opposition within the countryside is, however, fatal. He who controls the countryside controls the country" (Huntington, 1968: 293).

A student of the peasant wars of the twentieth century, especially the Russian, Chinese, and Cuban revolutions, Huntington was keenly aware of the revolutionary threat the countryside posed to political systems under unpopular regimes. Only genuine reform would bring about equitable changes in agrarian society with some ownership for the peasantry (Huntington, 1968), but genuine reform would also effect a major change in the power structure of the countryside (Farazmand, 1989). Could the regime of the Shah tolerate a genuine transformation of the political and economic power structure in favor of the peasantry? This fundamental question raises serious doubts about the nature of administrative, economic, or social reforms in less developed countries, though the phenomenon also includes more developed nations. Therefore, the evidence shows that most of the land and other social reforms inspired by the post-war West have been a counterrevolutionary design favoring world capitalism, and have certainly not been genuine reforms (McCoy, 1971: 16).

Facing either a red or a white revolution in rural Iran, the Shah chose the

latter, for he embraced Huntington's prescription for a rural reform as a substitute for revolution, and institution-building (meaning bureaucratization) as a plan for transforming Iran from a traditional into a rational modernizing society (Bill, 1972; Huntington, 1968; Binder, 1962). In fact, the Shah's closest friend and his prime minister, Ali Amini, himself warned in 1961: "We must not allow the people's anger to rise. . . . It would sweep us all away, the Shah and the Amini's" (quoted in Halliday, 1979: 135). Shah's appointed minister of agriculture, the architect of land reform, similarly noted that "one can no longer continue with this system from the middle ages. That has confronted us with the choice of a 'red' or 'white' revolution. If the country remains in its present condition it will explode" (quoted in Helmut, 1975a: 7). To preserve the system, the Shah was forced to choose the "white" revolution.

The Shah's white revolution was launched as a 12-point plan of change with components ranging from land reform to nationalization of forest and waterways to labor law reform to administrative reform (for details, see Farazmand, 1982, 1989; Cottam, 1979; Halliday, 1979; Zonis, 1971). None of the reforms was genuine, and all had the strategic goals of maintaining the regime, enhancing its power, and portraying an image for the Shah as a modernizing monarch (Cottam, 1979; Halliday, 1979; Farazmand, 1989). But they achieved the short-term, intended objectives as prescribed by the modernization theorists and U.S. advisors. The land reform received the largest share of the publicity and attention at home and abroad—due partly to the pivotal role of Dr. Hasan Arsanjani. As architect of the land reform, Arsanjani's goal was to emancipate the peasantry. The administrative reform was the central aspect of the state power consolidation, control, and bureaucratization of the countryside as well as the urban areas for system maintenance, enhancement, and development of corporate capitalism (see Farazmand, 1989).

Dr. Arsanjani's immense popularity as a social reformer aroused fear in the Shah who saw him as a threat by moving too fast and implementing the reform too radically. The Shah therefore removed him from office, appointing him ambassador to Pakistan, a form of exile and the Shah's mechanism for dealing with potential counter-elites. But, the first objective of the reform was to neutralize the potential peasant revolution and enlist some peasants as supporters of the regime. Arsanjani was replaced by a military man with a poor reputation, Colonel Valian, who proceeded to slow down the other two stages of the land reform. His conservative objective was to maintain rather than change the socioeconomic and power structures of the countryside. This was accomplished in two additional stages, which transformed the Iranian local economy from semi-feudalism into corporate capitalism integrated with world capitalism, and under the domination of U.S. corporate elites. But Iranian agriculture lost its position of self-sufficiency and the exporting capacity that it had enjoyed for millennia. The Iranian economy was lost to Western corporations, and Iran became heavily dependent on Western imports, mainly from the United States, hence supporting the dependency theory.

Two major results of the land reform are notable. One was the rapid and uneven growth of capitalism monopolized by the royal family, agroindustrial elites, and Western corporations, all at the cost of the national indigenous economic bases. The other was the massive displacement of the peasantry and the outmigration of more than 11 million young and able peasants to cities, where they found life even more miserable. The combination of these two results produced a large army of migrant workers who fueled the revolution in the streets during the months of 1978 and 1979. Neither the regime nor its international/American advisors had anticipated such a phenomenon (Farazmand, 1982; Helmut, 1975; Kazemi, 1980).

The Shah's administrative reform represented the central component of the so-called white revolution. Although the land reform transformed the economic system and its social relations in the countryside into a capitalist system, the administrative reform was absolutely necessary to strengthen that structural change and to enhance the regime's ability to promote capitalism and to maintain social control. Consequently, the old feudalistic landowners were replaced by the bureaucratic state, which extended its control over the entire countryside. Most of the landowners, including the members of the royal family, retained their lands—especially the best ones—and were also compensated by receiving major shares in the industrial bases, becoming part of the new industrial elites. The thorough bureaucratization of Iran also affected the religious institutions by taking away the autonomous role that the powerful religious leaders, the *ulama*, had enjoyed in society and in the administration of major holy shrines, endowment lands, and properties over the past five centuries. This angered the religious community, who saw it as an insult to their historical institutional role in society. The problem led to a massive and bloody uprising in 1963 under the leadership of then Hojjatulislam Khomeini, when the regime granted U.S. personnel—both civilian and military—the extraterritorial rights, or capitulation. A similar right was given to Tsarist Russians in the nineteenth century and resulted in a bloody uprising in Iran. Khomeini considered the capitulation to be a serious insult to Iran and Iranians and demanded its immediate nullification. The result was bloodshed, removal of the legislated capitulation, and the forced exile of Khomeini to Iraq; but Khomeini never compromised with the regime.

The bureaucratization of Iran also meant rapid growth in the number and power position of the bureaucratic elites who served in strategic positions in the society and economy and functioned as major agents of political control, system maintenance, and regime enhancement (Farazmand, 1982, 1989; Bill, 1972). At the same time, there was an expansion of institutional and educational reforms to train managers and political system enchanterers. Therefore, modernization, reorganization, and reform on the one hand, and regression and corruption on the other characterized the post-1953 economic, military-security, and administrative systems of Iran. Bureaucratic politics served a central role in the transformation of the regime toward preservation and enhancement.

Achievements and Failures of the Reforms

The short-term objectives of the Shah's reorganization and reform were achieved: The socioeconomic system of capitalism had been established in rural Iran. With the stagnant, repressive system of feudalism destroyed, a positive step had been taken in Iranian political history. In a partnership with the royal family and the leading inner circle elites, powerful multinational corporations played a major role in transforming the Iranian rural economy into corporate capitalism under bureaucratic state control. The former self-sufficient agrarian areas were turned into agroindustrial and agribusinesses with cash-crop export-oriented productions. Capitalism replaced feudalism, with massive profits available for the royal family and new elites.

Politically, the Shah was able to neutralize the potential threat of a peasant "red" revolution, therefore accomplishing Huntington's (1968) prescription of "reform as a substitute for revolution." Moreover, the administrative reform and reorganization replaced the former aristocratic power structure of the rural gentry with the bureaucratic state, which extended its power and control over the remote areas of the countryside as well as urban Iran. This was done through the bureaucratization of Iran, including the religious institutions, taking away the relative autonomy of the clergy leadership. Furthermore, the regime's consolidation of power over Iran transformed the role of the state as the protector of the regime, and the regime and the state became inseparable. Any challenge to the state was considered a threat to the regime, as the Shah himself frequently declared. Administrative rationality was promoted to institutionalize both the bureaucratic state and the capitalist culture of commercialization, individualism, and commodity-based social relations. Finally, the Shah was able to gain some support among his international allies, especially the United States, by claiming to be a modernizing monarch with concern for his country and people. All of these short-term objectives served the Shah's purposes of system maintenance and regime enhancement (Bashiriyeh, 1984; Farazmand, 1989; Jazani, 1980).

Despite these short-term achievements, the reforms proved to have catastrophic consequences for the regime, the Shah, and his principal international ally, the United States. The seeds of destruction were sown in the post-1953 reorganizations and reforms. In fact, as argued elsewhere (Farazmand, 1982, 1989, 1998), the reforms were in part responsible for the Revolution of 1978–1979 which terminated the Pahlavi regime and monarchical system in Iran. The long-term consequences of the reforms were grand failures not only for the Shah's regime but also for the United States and reform thinkers such as Huntington (1968). These failures are too many to discuss. However, we can state here that top-down, self-serving reforms accompanied by repression are doomed to failure. Was reform then a substitute for revolution, or was it simply a way to delay the revolution? This is a very important theoretical question that requires empirical studies. In Iran, certainly, reform did save the regime for awhile.

None of the reforms of the 1960s was genuine; all were aimed simply at preserving the monarchical system and enhancing the Shah's regime. The land reform destroyed Iran's agricultural system of self-sufficiency and the millennia-old tradition of the organizational team system. It resulted in the corporatization of agriculture under the control of the monopolistic royal family and multinational corporations. For the first time in history, Iran became dependent on foreign food imports. The land reform also displaced a massive number of peasants and caused the exodus of over 11 million young, able agricultural workers to cities in search of a better life, which they did not find. In the late 1970s, they formed an army of revolutionary forces who filled the streets in demonstration against the Shah and his regime.

Politically, no changes took place in Iran's patrimonial monarchy with an absolute tendency in its relations with the people. Corruption was prevalent at the highest level of the regime, including the royal family, which fed the bureaucratic state and was functional to its performance. Repression had reached a level that was beyond imagination and permeated the whole society (Hoveyda, 1980; Alam, 1991; Bashiriyeh, 1984; Cottam, 1979a). The regime became a monolithic system of government. Its top-down flow of autocratic rule left no space for citizens and counter-elites to take part in the nation's politics or administration. The administrative reforms only replaced the local feudal lords and landed aristocracy, with the repressive bureaucratic state interested only in serving the regime at the expense of citizens. They changed neither the power structure nor the organizational system of administration to involve people in management of the economy and society. The revolutionary seeds were then sown by the regime itself in the 1960s. Although foreigners enjoyed power in Iran, the people were humiliated by being forced to accommodate foreign domination in their own homeland.

The Shah was considered an insult to the ancient glory of the Persian Empire founded by Cyrus the Great and to Iran's strong national character of independence and originality. It is not surprising that Iran is the only nation in the world that has escaped direct colonialism. The Shah also insulted his people in never trusting them, instead always turning to foreigners for consultation, especially the United States, Britain, and Israel. Even at the height of the revolution of 1978, he never gave any credit to Iranians for organizing such a massive uprising. Instead, he claimed it to be the CIA's plot against him (Sullivan, 1981; Zonis, 1983, 1991).

Corruption erodes regime legitimacy (Scott, 1972), as does repression. Pressure from the Carter administration in the mid-1970s forced the Shah to liberalize the political system a bit, but it was too late and too little, and his modernization projects of the 1960s and 1970s only benefited the royal family and the ruling elites at the expense of the masses. The closest elites were also alienated by the Shah, whose family tended to monopolize the political, economic, and social power. This was another blow to the regime's ability to survive the massive revolutionary upheaval of 1978.

THE REVOLUTION OF 1978–1979

The revolution of 1978–1979 was a truly general uprising in which all ethnic, gender, political, ideological, and religious groups, including the bureaucracy and lower echelons of the military, participated. This was a historic phenomenon on the scale of the French and Russian revolutions. It was one of the most spontaneous, popular revolutions of modern times.

Elsewhere (Farazmand, 1989), I have elaborated the major causes, objectives, and characters of the revolution in Iran. Suffice it to say here that the revolution was not only against the tyrannic rule of the Shah and his regime, but against the monarchy as well. It was also against its Western allies, especially the United States, which had imposed the Shah and his repression on Iranians as well as its imperialistic domination of Iranian domestic affairs for over 25 years. Therefore, the revolution had both domestic and international overtones. It was also anti-dictatorship, anti-imperialistic, populist, and pro-democratic, and it advocated nationalistic independence of foreign influence.

Regime Change and Elite Change

The Constitutional Revolution of 1907–1911 led to limited structural changes in the monarchical system from absolutism to that of constitutional monarchy of government with a national legislative body—all without disturbing the political system. In contrast, the 1978–1979 revolution was a truly massive uprising that aimed at overturning the entire systems of both governance and economics and its social relations. It destroyed the monarchy in Iran, which had been the longest such tradition in the world. The Pahlavi regime was replaced with a new system of religious government—the Islamic Republic—which is a combination of the structural features of modern parliamentary democracy with separation of independent powers, the ancient Persian governance system, and the Islamic system of governance.

Elsewhere (Farazmand, 1989), I have discussed the key characteristics of the new regime and its major differences with that of the old Pahlavi regime. Suffice it to say here that unlike the old regime which was a monolithic autocracy under the Shah's dictatorial rule, the new regime is characterized by diversity in governing elites (within the religious framework), a relatively diffused system of media and press, different factions—mainly religious—of political and religious centers of power, relative empowerment of people, and the increasing role of women in politics and administration.

Overall, the long Constitution of the Islamic Republic is a democratic document with articles promoting the democratic and human rights of citizens, economic and social justice, civil society and nongovernmental organizations, the independence of the nation, the common good versus individual self-interest, separation of powers, and a multitude of institutional mechanisms of checks and balances, as well as the Islamic religion as the pillar of the new government.

As a result of a change in the regime, massive structural changes took place during the years following the revolution. The public and nonprofit sectors grew massively, and public administration became a major force of social, economic, and political development in post-revolutionary Iran.

Another major structural change brought about by the revolution was the total replacement of the old ruling elites—economic, political, and administrative—in Iran. The ruling elite—the so-called Thousand family—totally lost its existence in post-revolutionary Iran. This happened in three stages. First was the flight of many leading economic and political elites before and during the revolution. This group left Iran by transferring in advance massive amounts of assets that were either owned or borrowed from the state central bank. The second stage occurred during the Provisional Administration under the pro-Western liberal prime minister Mehdi Bazargan, who sought to preserve the status quo of the old governance structure. Although some elites flourished during this short period of 1979, many were able to leave the country with massive assets. But a sizable number of key governing elites—both military and civilian—belonging to the inner circle elite group were caught in the revolution and were executed.

This happened despite Bazargan's objection, but the revolution was unfolding new stages of dynamics that were deepening with popular demands for fundamental structural changes in government, administration, the economy, and the military. This third stage of revolutionary dynamics, which began in the Fall of 1979 and continued for years, was carried out through the most intensive process of radicalization, resulting in sweeping structural changes and transformations as well as a total eradication of the old elites. The new governing elites emerged immediately after the revolution both formally and informally. The configuration and reconfiguration of the new elite factions took shape during several stages with the dynamics beyond the purpose of this chapter (Farazmand, 1997, 1999, forthcoming).

Impacts of the Revolution on the Bureaucracy and Administrative System

The impacts of the revolution on the Iranian bureaucracy and administrative system have been numerous. While serious empirical studies need to be conducted on these effects, my earlier works include major reflections on the structural as well as the procedural changes of the revolution on the administrative system of Iran.

The following discussions reflect in brief the revolutionary impacts on the bureaucracy in three stages: bureaucratic status quo, de-bureaucratization and democratization, and institutionalization, along with a degree of re-bureaucratization. Finally, post-revolutionary administrative reforms are presented in the context of political changes in governance and administration.

Bureaucratic Status Quo (February–August 1979)

The triumph of the revolution and the fall of the Pahlavi regime—and indeed the monarchy system—during the first two months of 1979 did not mean automatic, fundamental changes in the actual process and behaviors of governance and administration in Iran. The most important structural change in the political system was the adoption of the new Constitution of the Islamic Republic, which opened a new chapter in Iranian political history. The document is long and overall a democratic manifesto that builds on three institutional pillars of governance: the parliamentary system, the ancient Persian governing institutions, and the Islamic principles.

While the roles of formal governmental institutions are emphasized, the importance of the civil society, nongovernmental organizations, the private sector, the cooperative sector, and citizen participation as a right and obligation in governance and administration are recognized and valued. Therefore, the new republican regime immediately raised high expectations among citizens as well as key political/revolutionary actors in Iran. However, little structural change in the administrative system was proposed or initiated under the provisional administration of Prime Minister Mehdi Bazargan during the early months of 1979.

Bazargan's policy goal was to preserve the old structure of governance with minor reforms and changes in the administrative system. He consistently resisted disturbance of the old bureaucracy, and in fact often complained against such actions, which originated from other revolutionary sources of power. His goal was to keep the status quo by replacing only a few key bureaucratic elites associated with the old regime. His elitist, pro-Western administration was countered by the revolutionary forces that were gaining strength under the dynamics of the revolution and by those who had expected fundamental changes in the economy, society, and government. Bazargan often complained about the pressures from below and from "other non-governmental and certain governmental forces" (the latter referring to members of the Revolutionary Council, headed by the charismatic and powerful religious leader, Ayatollah Dr. Beheshti).

An excellent organizer and revolutionary thinker, Beheshti was totally opposed to Bazargan's policy of maintaining the status quo and "business as usual" approach of the old elitist system. Beheshti represented a whole spectrum of perspectives from left to right, from religious to secular, that demanded fundamental revolutionary changes in government, administration, and society. Bazargan's frustrations were often expressed through statements such as "I have the handle of the knife as a Prime Minister, but the blade is held by others" or "We asked for rain but have received floods," meaning that the revolution must stop with the flight of the Shah and the downfall of the Pahlavi regime. He was a reformer, certainly not a revolutionary. However, from the beginning his vision was outdated and was no match for the people's revolutionary expectations. Thus, Bazargan's conserving administration was doomed to failure as the whole

society was entering another stage of revolutionary dynamics which had caught everyone in the world by surprise (Rouleau, 1980; Zonis, 1975).

Therefore, during the Bazargan administration, few changes took place in the bureaucracy and administrative system, though informal revolutionary forces and networks had already begun to paralyze his administrative system by ignoring the old bureaucratic order and acting on it spontaneously. Here, chaos had prevailed in the organizational systems of the administration. The prevalence of chaos was disruptive, but it was also constructive, promoting creativity, initiative, democratization, and spontaneity in organizational behavior and public administration.

De-bureaucratization and Radicalization (1979–1983)

The *de facto* process of de-bureaucratization had already begun, with the revolutionary dynamics changing the power structure in and out of the bureaucracy and administrative system in 1979. As noted earlier, revolutionary forces—from left to right, religious and secular—frequently ignored Bazargan's executive orders demanding fundamental structural changes and transformation in the economy, society, governance, and administration. They saw the *de jure* bureaucracy as a major obstacle of institutional changes expected to meet the revolutionary demands of the people.

Consequently, there were two administrative systems in Iran during the Bazargan administration: the formal and the informal—that is, revolutionary and spontaneous ones. The formal administrative system of the bureaucracy was paralyzed by inaction, as the informal and spontaneous systems of administration took over the public administration functions all over the country.

The process of de-bureaucratization was accelerated through the stage of radicalization set in motion by the militant university students who seized the American Embassy in September 1979. The Bazargan provisional administration fell, and a new revolutionary dynamic began to develop. The new administration was both radical and fundamentally opposed to any intimate relations with the West, especially the United States and many other Western countries. Although this new policy also included the former Soviet Union as a superpower of the East, it was the Western superpower that was the target of this process of radicalization in foreign and domestic relations. The revolution reached the critical stage of its dynamics during this period, with sweeping structural changes that affected all aspects of life, society, politics, and administration.

The bureaucracy was virtually abandoned, except for the formal institutional structure of certain functions such as foreign relations and the military that were transformed and unused for strategic purposes. The rest of the bureaucracy was thoroughly purged and transformed, and grassroots organizations and revolutionary foundations staffed by volunteers and salaried personnel took over the country's administrative affairs. During this period, Islamic mosques played a fundamental role as a revolutionary institution of public administration. Numerous committees, foundations, and organizations sprang up in every village,

community, and neighborhood throughout Iran. These organizations were anti-bureaucratic, made decisions spontaneously in response to citizen demands, and provided services effectively and efficiently. The key characteristic of this evolving system of administration was the dynamic nature of organizational structure and behavior that was flexible, adaptive, and responsive as well as staffed by highly enthusiastic personnel from all professions. Serious studies are needed to explore the multifaceted nature of this revolutionary dynamic of organizational behavior.

This stage can be termed de-bureaucratization because the whole of Iran's society was thoroughly de-bureaucratized, radicalized, and transformed. De-bureaucratization took place in every sphere of life and society. Red tape was cut, decision making became flexible and efficient, and implementation was immediate. Public administration was democratized in that employees and workers committees took over the decision making and administration of the entire bureaucracy in both public and private organizations and in a large number of public enterprises/corporations. The sweeping nationalization policy brought under government control a massive number of large private enterprises in the corporate sector, owned mainly by big businesses, industrialists, and commercial enterprises. Not only were the former elites and royal family replaced, but their properties as well as foreign joint-stock corporate entities were nationalized and put under the control of the new *Mostazafin* (poor and downtrodden) Foundation. The *Mostazafin* became the second largest employer after the government itself and perhaps the largest conglomerate enterprise system in the entire Near/Middle East.

This period of revolution was a test of life and death of the revolution as the Iraqi invasion was accompanied by massive terrorist and counterrevolutionary armed fighting aimed at destabilizing and defeating both the new regime and the revolution. This period continued until 1983, when the regime, having survived numerous military, political, and terrorist challenges as well as repelling the Iraqi aggression, began to institutionalize new norms, structures, organizations, and administration under the Islamic order (Rouleau, 1980; Halliday, 1990). Although chaos prevailed in much of this period, democracy flourished in organization and administration. Gradually, the reorganization of revolutionary organizations began along the lines of the structural changes in the old bureaucracy and administration. Similar patterns emerged in the military, which was overshadowed by the Revolutionary Guards—*Sepah-e-Pasdaran*—in policy and action. The victories on the war front boosted morale in Iran and raised the world community's confidence in both the leadership and the revolution.

The administrative system was also thoroughly Islamicized, although many secular members of the old bureaucracy survived through their professional competence, neutrality in politics, and loyalty to the revolution. The administrative system began to take shape, reflecting three characteristics that were deeply entrenched in Iranian culture: the indigenous ancient tradition of statehood and administration; the values and norms of sixteenth- and seventeenth-century Ira-

nian achievements; and the religious values and institutions of Islam. Secular representation was reduced to a minimum, and political and religious priorities dominated the administrative system. However, the merit system and professional competence began to gain recognition under President Hashemi Rafsanjani whose commitment to reconstruction of the society and economy favored a change toward neutral secularism with loyalty to the revolution.

***Reinstitutionalization, Consolidation, and
“Re-bureaucratization?” (1983–1990)***

The third stage of administrative change and transformation involved institutionalization of governance, alternative forms of public administration, and consolidation of politico-administrative systems. These processes began as the new regime overcame the challenges of internal terrorism and externally imposed war of attrition as well as economic boycotts, and the new regime stabilized its political, economic, and administrative systems. The government also established itself in international politics as a sovereign state with considerable influence among many Islamic nations. A key feature of this institutionalization era was the serious consolidation of most grassroots organizations and other revolutionary nongovernmental organizations as well as many widely dispersed quasigovernmental organizations. These consolidations were facilitated by legislative enactments and executive orders (Sciolino, 1983). Efficiency, effectiveness, and political as well as organizational considerations served as key rationales for the consolidation policies (Farazmand, 1989, 1994).

Problems began to surface again, however, as the newly consolidated administrative system gained recognition. These problems were accentuated by growing citizens' complaints that the new bureaucracy was regaining power. The problems stemmed primarily from the lack of, or inadequate, laws, rules, and procedures governing the administration. In the absence of new organizational rules, the bureaucratic order was partially applied in managing cases and solving problems. The result was massive dissatisfaction with the old bureaucratic rules as well as the way citizens were treated. This trend did not last too long, however, as the new Islamic administrative system with new rules, values, principles, regulations, and procedures was established and institutionalized.

Reinstitutionalization also caused problems of partial re-bureaucratization in some agencies and in society (Farazmand, 1989, 1991, 1994). The partial re-bureaucratization was due to reorganization and reform which the government deemed necessary to promote organizational effectiveness, efficiency, economy, and control. Duplication and waste also were major considerations. Therefore, a degree of re-bureaucratization was inevitable, though not nearly the case in the pre-revolutionary period. Although the bureaucracy began to regain importance as an institution of continuity and administration, it has by no means become a dominant organization of administration which is so familiar in most modern societies. The post-revolutionary government's adaptation to environmental changes and demands has resulted in an increasing number of progressive

policies that have also affected the administrative systems in professional ways. Capacity building is a good example, though deficiency abounds. But achievements in politics, development, and administration outnumber any perceived or real problems. The post-revolutionary administrative system of Iran reflects significant changes and transformation in structure, process, role orientation, culture, and values.

Post-Revolutionary Administrative Reform

Many changes characterize the reorganization and reform of the administrative system in post-revolutionary Iran. These changes have been in the form of both structure (reorganization and redesign) and process and procedures (reform and development). The following highlights some of these changes.

One of the most profound structural changes of Iran's post-revolutionary administration was the massive nationalization policy, which has had profound effects on the country's economy, society, politics, and public administration. The entire properties of the old elites and of the royal family were nationalized and put under the supervision of the Mostazafin Foundation. These enterprises, which number several thousands, range from banking to commercial, to production and service, to industrial and agricultural, to airline and fishery operations to manufacturing. This independent, semi-autonomous government organization is the largest employer after the government itself. The actual number of public enterprises or government corporations is not known, but an estimate of three thousand is not an exaggeration.

Increasing nationalization, which continued into the 1990s, had massive impacts on the public sector by expanding its scope and functions, therefore broadening the role of the state and public administration in society. Since the mid-1990s, the gradual shrinkage of the public sector has been on the agenda first of President Hashemi Rafsanjani's administration which was committed to massive reconstruction and structural development of post-revolutionary and post-war Iranian society and economy, and then of President Mohammad Khatami's reform-liberalization oriented administration. Both officials have been credited with initiating major structural changes in Iran's administrative system. Denationalization and selective privatization of public enterprises have been important policy initiatives of the post-revolutionary governance. This policy is especially prominent in the strongly reform-oriented Khatami presidency, which has attempted to privatize a massive number of nationalized and other public enterprises. Nevertheless, public-private partnerships are being forged in many areas of the economy and administration.

Public-private partnership was a major initiative of the Hashemi administration, which launched a large number of structural development projects in industry, defense, tourism, agriculture, and other areas. As a result, the number of private sector elites grew, a policy that has gained the support of the current administration under Khatami. Contracting out, a practice that has roots in an-

cient Iranian governance and administration, has been an important form of public administration in post-revolutionary Iran. Both privatization and contracting out have been major controversial issues in the legislative assembly divided by opponents and proponents. Efficiency and economy on the one hand, and fairness, economic justice, and the Islamic Republic's obligation to protect the interests of the underclass and war veterans, on the other, have been the dividing issues on privatization. Both groups of politicians, however, have recognized the need to promote efficiency, professional competence, productivity, fairness, and accountability in public administration. No consensus seems to have been forged as to the best way of reconciling these two sets of values. But the Supreme Leader has on occasion warned against such division and expressed support for both reform and preservation of Iran's revolutionary gains and national independence.

Economic pressures, falling oil prices, political liberalization and openness, the expanding role of the civil society and nongovernmental organizations, and expanding educational opportunities have raised citizen demands for major changes in politics, administration, and other aspects of the society. These demands are manifest in the massive vote for President Khatami in 1997. Of the 90 percent of voters who cast their ballots, almost 70 percent voted for President Khatami, campaigning for major structural reorganization and reform in society. Even more recently, the elections to the independent local government councils, the first in modern Iranian history, elicited heavy participation by both citizens and candidates—many of whom were celebrities in politics, culture, and religion—in both rural and urban Iran. Over 200,000 councilmen and women, who have been serving as the first local policy-making actors in Iranian history, were elected. The number of women on these institutional bodies is considerable, though not large in proportion to the elected men (about 30 to 35 percent on average), but their role will be significant in local government and administration. Khatami, who was re-elected in 2001, is pushing for more reforms.

Another major post-revolutionary reform and reorganization has been a renewal of emphasis on the role of cooperatives as self-governing organizations in the economy and administration of rural and urban areas. Cooperatives as a major organizational system of management in producing and delivering public services have been recognized in the Constitution of the Islamic Republic, and their revival will mean a significant change in the reconfiguration of public and private sectors and their administration.

The bureaucracy remains the most important organization of administration, although its characters are far different from those that featured the old regime. The new bureaucracy is a very interesting institution of governance and administration that warrants systematic studies. Briefly stated, the new bureaucracy is reorganized and reformed with the following features: As noted earlier, the new bureaucracy is dual in character, responding to the pressing needs of the revolution and its mobilizational requisites such as personnel and materials as well as technical and professional competence. The post-revolutionary Iranian policy

of developing self-reliance and capacity building for defense and industrial infrastructure has resulted in the emergence of highly competent, professional personnel and an institutional capacity that is second to none in the entire Near/Middle East region. This is a major achievement for which the Islamic Republic takes credit. The other aspect of the bureaucracy is the normal organizational system of administration and governance that features three pillars or foundations: (1) the principles and norms of the Islamic system of governance, (2) the secular concepts of management in adaptation to its modern environmental conditions, and (3), paradoxically, the resort to many ancient traditions and institutions of administration and governance of the pre-Islamic Persian Empire. These foundations characterize Iran's post-revolutionary public administration.

The bureaucracy has, therefore, been reorganized and reformed. Reorganization has taken form in many ways, internally and externally. Internally, its structural aspects have been redesigned to respond to the revolutionary conditions. Externally, consolidation and mergers with similar organizations as well as breakups and divisionalizations have changed the bureaucracy to a major extent. Overlapping organizational jurisdictions and functions have produced waste and conflicts of authority structures, but they have also produced more accountability and contributed to a system of checks and balances. While team systems of both Islamic and pre-Islamic ancient Iranian administration origins are adopted, their effectiveness is subject to oversight by numerous religious associations and organizations whose main function is to oversee the administration in the bureaucracy and to mobilize citizens and institutions on short notice. They also serve as a safeguard against counterrevolutionary challenges.

Yet another major change in the bureaucracy and administration of post-revolutionary Iran is the growing role of women as a major part of the work force in the Iranian economy and public administration. Accounting for almost 60 percent of the population, women played a major role in the revolution, but their role in public service was limited during the 1980s. This situation has changed, however, as an increasing number of women enter the public and private work force, are elected to public offices at almost all ranks, and constitute a good number in the legislature (about 20 percent), the executive and the bureaucracy (estimated 25–30 percent), and the judiciary (smaller percentage). Although women are absent from the highest positions of the Guardian Council and other supreme organizations, their appearance is increasingly being noticed as the number of legislative enactments and executive orders increase, allowing women in almost every activity of society, governance, and administration. Khatami's new cabinet has several women, and his administration has selected more than 200 women in preparation for elite positions in administration and governance at the national level. The Constitution does not restrict women from being elected or appointed to any high position of public service, including the presidency. It would not be an exaggeration to predict a woman being elected to presidency in Iran in the near future.

With the proliferation of universities and colleges in post-revolutionary Iran,

a large number of competent people in all professions is being prepared, including many public administrators whose job it is to manage the economy, society's resources, and developmental projects. To this end, Islamicization of the administrative system as well as other aspects of the society has been emphasized. Human resources development, therefore, is of central importance to post-revolutionary public administration in Iran. Internalization of Islamic and Iranian indigenous values, norms, morality, and ethics are emphasized as part of the training and development of human resources for strategic purposes of public service and administration in the new millennium. Also emphasized is the balance between efficiency and fairness, economy and effectiveness, and productivity and accountability (Darvish, 1993; personal data, 1994, 1998).

CONCLUSION

Reorganization and reform have been frequent activities for modern Iranian governments. The regimes, from Qajar to Pahlavi to Islamic Republic, have undertaken numerous measures to reform and reorganize their administrative systems. The anti-reformist, corrupt regime of the Qajar monarchy was too incapacitated by its crippling decentralization, corruption, and lack of institutional capacity as well as despotism. The Pahlavi regime undertook several reorganization and reform plans, which systematically transformed the Iranian economy, society, and administration from semi-feudalism to a capitalist economy and society integrated with world corporate capitalism, armed with a massive bureaucratic state that brutally dominated all of Iran.

The bureaucratization of Iran was a political as well as an administrative phenomenon that transformed Iran into one of the most repressively governed societies of the modern world. Monopolization of power, economy, and administration by the Shah's family and the ruling—Second Stratum—elite left no room for the civil society and citizens who were subjected to both domestic repression and the foreign exploitation and dictates of the United States for over 25 years. The Shah's reforms of the 1950s and 1960s achieved the major short-term political and economic goals of his regime and of his American advisors, but they also sowed the seeds of system destruction, which ultimately destroyed the Shah's regime and with it the longest tradition of the monarchy in history.

The revolution of 1978–1979 was aimed at both the Pahlavi regime and its international patron, the United States. The revolution had profound structural impacts on Iran's administration and bureaucracy. Although the status quo prevailed for the first few months of the revolution, de-bureaucratization and democratization of the bureaucracy and administration changed and transformed Iran as the revolutionary dynamics entered a new stage of profound radicalization. Eventually, stabilization, institutionalization, and reorganization began to take hold as the revolutionary dynamics changed as it adapted to domestic and world realities and in response to the post-revolutionary needs of the society for reconstruction, infrastructure development, and elite settlements.

In short, Iran's post-revolutionary public administration has made gigantic strides toward reorganization, reform, and development. These reorganization and reform efforts have been undertaken as a response to the changing demands of the citizenry and other forces of technology, politics, and culture. They have also been undertaken as a necessary governance and administration strategy of post-revolutionary condition requiring stability, performance, and accountability. They are part of reconciling the requirements of infrastructure development which demand lowering consumption on the one hand and being responsive to the immediate consumption needs of the people on the other.

The reorganizations and reforms also reflect the adaptation to the changes produced by globalization and its consequences at international levels. Finally, reorganizations and reforms reflect the styles, philosophies, and preferences of the different administrations of the post-revolutionary Iranian government system, which are still evolving. Although the achievements of post-revolutionary reforms are pronounced, the failures may also be noted, especially when many of these efforts are either bogged down by political and ideological infighting or they become victims of their own success.

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Chapter 9

Political Dynamics and Administrative Reform in Turkey

A. Ümit Berkman and Metin Heper

INTRODUCTION

The Turkish Republic was established in 1923 on the ashes of the Ottoman Empire. Under the leadership of Kemal Atatürk, the Turks established a completely new political regime with political parties, parliament, and elected executives (Robinson, 1963). The founders of the Republic greatly revamped the Ottoman governmental system. Thus, the early years of the Republic were distinguished, inter alia, by extensive political and administrative reforms (Lewis, 1961). Turkey made a transition to multi-party politics at the end of World War II. The Democratic Party (DP) defeated the Republican People's Party, the single party of the past 27 years, in the 1950 general elections (Karpas, 1959). The DP governments, which held office from 1950 to 1960, were characterized by the relaxation of the state's involvement in economic and social matters, the decline of the influence of the bureaucratic cadres, and the rapid growth of private sector undertakings (Simpson, 1965).

On May 27, 1960, the last DP government was overthrown by the military officers who claimed that the political oppression by the DP governments had brought the country to the brink of civil war. Before holding new elections in 1961, the military regime introduced a host of reforms, including a new constitution (Weiker, 1963).

During the 1960s and 1970s, Turkish political life witnessed fierce political party competition, while attempts to achieve economic development were made through five-year plans (Cohn, 1970). In March 1971, the military issued an ultimatum demanding significant policy changes. The government resigned. During the 1971–1973 interregnum, a new set of administrative reforms was initiated. In 1973, the multi-party system was reinstated (Erim, 1972).

The post-1960 and 1971 patterns were repeated in the early 1980s. In September 1980, the military took power into its own hands for the third time. This time, too, intervention was followed by a series of reform programs, including administrative ones.

This chapter focuses primarily on the reform commissions that have been formed by the government to streamline the bureaucratic agencies and procedures. These commissions and their efforts to reform the bureaucracy are worth exploring, since extensive administrative reform in Turkey has always been tried through these formal institutions. This study takes up the post-1945 administrative reform efforts, that is, those made during the multi-party period in Turkey.

THE 1946-1960 PERIOD

Following World War II, administrative reform became an important issue in many of the developing countries. As a result, not only did the literature on public administration and administrative reform begin to pile up, but also the emerging international organizations, which emphasized the importance of the role of public administration in the development process, began sponsoring various programs aimed at improving the administrative systems in the developing countries. As Birkhead (1967: 14) has noted, "in the early fifties, technical assistance to the underdeveloped world was an exciting new idea. [Consequently] . . . bilateral and multilateral support for a variety of undertakings was easily obtainable."

Turkey, which at the time again came to have close ties with the Western world, was also affected by these developments and attempted to reform its public bureaucracy beginning in the late 1940s and early 1950s. Five of the six reports produced during this period were prepared by foreign experts and commissions.¹ Table 9.1 summarizes the functions of the commissions established at the time, the date they were formed, and the date they submitted their reports.

As Table 9.1 makes clear, the conceived scope and coverage of the administrative reforms in question were rather extensive. In almost all cases, the reform commissions were required to study and suggest reform measures regarding the entire public bureaucracy. The reform commissions were expected to seek improvements in organizational structure, administrative management and personnel administration.

All of the commissions started with similar assumptions and ended up with similar recommendations. For example, the commissions considered reorganization an effective way of improving public administration. They agreed on the principle of establishing a minimum number of functional ministries composed of similar departments, and they made their recommendations in line with this principle. Recommendations with respect to administrative management and personnel administration were also fairly similar and included the following: Introduction of O and M units, new management techniques, the centralization of staff services, the establishment of a unified civil service structure based on

Table 9.1
The Administrative Reform Commissions in Turkey in the 1946–1960 Period

<i>Commission^a</i>	<i>Date Formed^b</i>	<i>Function</i>	<i>Date They Submitted Their Reports^b</i>
Neumark	Early	Recommending measures for efficient functioning of the government agencies	1949
Conk and Savun		Recommending measures for rationalization of the bureaucratic organization	December 1950
Barker Mission	March 1950	Recommending measures for the establishment of an administrative system appropriate to fulfill Turkey's development objectives	May 15, 1951
Martin and Cush	1951	Recommending measures for the improvement of administrative procedures in the Ministry of Finance	August 1951
Leimgruber	1951	Recommending measures to reform Turkish public administration	December 1952
U.N. Working Group	May 8, 1952	Recommending plans for the establishment and operation of a Public Administration Institute	September 6, 1952
Chaileux Dantel	1958	Recommending measures to improve the public personnel system	1958

- a. In the case of studies by one or two persons, last names are given. In other cases, the name of the commission is indicated.
- b. In some cases it has not been possible to obtain information about the exact date of appointment and/or completion.

merit principle, a central personnel agency, emphasis on training, and improvements in accounting and budgeting procedures. Most of these recommendations had their roots in Western public administration concepts and practices (Tutum, 1994: 87–118).

However, the capacity and enthusiasm of the Turkish governments “to conduct a follow-up study [of reform], communicate its results downward, gain some implementation of the recommendations” was limited (Birkhead, 1967: 8). Moreover, there were no influential groups in the polity or society which energetically pushed administrative reforms: “there was little or no systematic criticism of administration either from universities, government, or elsewhere” (Birkhead, 1967: 9).

Because it was possible to receive technical assistance for administrative reform, foreign experts were often asked to evaluate Turkish public administration and make recommendations for improvement. In fact, in the early 1950s it became rather fashionable to invite for this purpose students of public administration from abroad. However, little attention was paid to their suggestions for making improvements in the administration.

One basic reason was that gradually the priority turned out to be that of depoliticizing the bureaucracy rather than making it more efficient and effective. This was a reaction to the fact that during the single-party period of 1923–1950 the higher civil servants had continued to be part and parcel of the *political* elites (Evin, 1996: 49), and following the coming to power of the DP governments in 1950 the civil servants in question perceived the DP politicians as counter elites (Heper, 1985: 67–97). This particular approach on their part led to a serious conflict between them and the DP politicians. Consequently, the DP politicians tried to relegate the bureaucrats to a secondary role in the polity. Not only the DP’s national leaders but also the local politicians began to conceive their “roles in expanded terms, and came to intervene more freely in administrative matters” (Roos and Roos, 1971: 9). In the process, administrative reform as such lost its significance; instead, the politicians concentrated on rendering the administrators virtually subservient to themselves.

THE 1960–1980 PERIOD

After the 1960 military intervention in Turkey, a new constitution was drawn up, development plans were made, and the state economic enterprises were given a greater role in the economy. As a consequence, administrative reform once again came to the agenda.

The civil bureaucracy was not threatened by the military rule, since the intervention was made against their political opponents, that is, the DP politicians. In fact, the bureaucratic leaders now endeavored to regain their place in the elite structure. In any case, the establishment of the State Planning Organization (SPO) and the State Personnel Department in the early 1960s meant more say and hence more power for the civil bureaucracy.

Table 9.2
Administrative Reform Commissions in Turkey in the 1960–1980 Period

<i>Commission</i>	<i>Date Formed</i>	<i>Function</i>	<i>Date They Submitted Their Reports</i>
Central Government Organization Research Project	February 13, 1962	Examining the distribution of the central functions among the central government organizations and making recommendations for the efficient performance of those functions	April 24, 1963
Commission on the Reform of Administration	June 5, 1964	Carrying out complementary studies on the Central Government Organization Research Project and recommending measures for the improvement of administration and administrative methods	November 8, 1966
Advisory Board on Administrative Reform	May 29, 1971	Identifying priorities and strategies in administrative reform; evaluating the recommendations of previous commissions and suggesting implementation programs.	November 10, 1971

The administrative reform attempts during the period in question sought to increase the capacity of the administrative system to undertake developmental goals, which were laid down in the development plans and programs drawn by the newly established SPO (Dodd, 1965). In fact, the First Five-Year Development Plan (1963–1967) and the subsequent yearly development programs emphasized the key role the bureaucracy would have in the development process.

In a sense, as earlier, the basic assumption behind the administrative reform strategy of the time was that the administrative system could be considered to have extensive autonomy from other social systems and, consequently one could improve administrative performance by making changes in the administrative system itself (Heper, 1971: 420). The Central Government Organization Research Project, which can be regarded as the major administrative reform attempt of the period, was commissioned in 1962 to examine the organizational structure and functions of the central government organization, and it recommended measures for improvement (see Table 9.2).

Within the framework of the Central Government Organization, the following were studied: Research Project, the general structure of the government organization (council of ministers, ministries, departments attached to the Prime Ministry, autonomous institutions); the distribution of central government functions such as common functions (e.g., planning, statistics, administrative improvement), traditional functions (e.g., justice, internal affairs, and foreign affairs), financial and economic functions (e.g., financial administration, commerce, industry, energy, agriculture), and social functions (e.g., culture, education, religious affairs). However, in the report deriving from the Project, it was pointed out that a redistribution of functions by itself should not be expected to overcome all administrative problems and deficiencies. Less than adequate personnel management, lack of administrative leadership and supervision, excessive bureaucratic procedures, and the absence of effective central direction were mentioned as other possible causes of the bureaucracy's inability to perform its functions in an efficient and effective manner.

The Commission on the Reform in Administration and Administrative Methods, on the other hand, was expected to carry out studies complementary to those by the Central Government Organization Research Project. The latter commission was also to conduct studies on provincial and local administrations.

Most of the recommendations of these and other commissions were again not implemented, because these commissions produced their reports at a time of political instability. From 1961 to 1965, four coalition governments were formed in Turkey (Ahmad, 1977). None of these rapidly changing governments had a real chance to effectively pursue the recommendations of the commissions. Moreover, no central unit to coordinate and supervise administrative reform was set up. Instead, the SPO was assigned the responsibility to implement the reform measures suggested by the commissions.

Overburdened with several other tasks, the SPO was, in any case, inadequately staffed for this purpose. The SPO also suffered from the controversies over its role in the Turkish political and economic life. Then, for a while the State Personnel Department (SPD) was given the task of implementing the reform measures. Not only the SPP lacked qualified personnel, but the Department also faced great resistance from the ministries and other agencies, which at the time were in fierce conflict with the SPD with respect to personnel appointments. Under these circumstances, it proved extremely difficult to carry out administrative reforms.

Following the 1965 general elections, the Justice Party (JP) obtained the majority in parliament. However, being the successor party to the DP which the military had overthrown, the JP governments, too, were not anxious to implement the recommendations of the reform commissions. The JP governments regarded the reform commissions in question as the products of the 1961 military intervention, and, therefore, they were biased against them.

A new reform commission was appointed right after the 1971 military intervention—the Advisory Board on Administrative Reform. In its report, the Board

basically reiterated the findings of, and on the whole concurred with, the recommendations of the report of the Central Government Organization Research Project. The chances that the recommendations in question would be implemented during the 1970s were even slimmer than during the 1960s. In the 1970s, Turkish politics were more fragmented and polarized than in the previous decade. The 1970s were characterized by coalition governments that were extremely conflict-ridden, and every issue was highly politicized (Heper, 1979–1980). It was not, therefore, surprising that, as noted, in both the Third Five-Year Development Plan (1973–1978) and the Fourth Five-Year Development Plan (1979–1984), administrative reform attempts did not once again go beyond preparation of administrative reform packages, and thus failed to produce concrete and practical results.

Furthermore, not unlike the arrangement in the 1960s, during the 1970s, too, the task of coordinating and supervising the administrative reform efforts was again assigned first to the SPO and then to the SPD, and once more the followup could be no more than sluggish (Tutum, 1994: 120–122).

FROM 1980 TO THE PRESENT

Following the military intervention in September 1980, attempts were made to reform the administrative machinery. The reform aims of the military government (September 1980–December 1983) basically focused on the following:

- Redistribution of the functions, authority, and responsibility of the central government agencies in order to eliminate excessive centralization.
- Drawing of a common organizational framework for ministries, general directorates, and other large public agencies to achieve uniformity in the basic organizational structure of public organizations.
- Simplification of bureaucratic procedures in order to reduce formality and red tape.
- More efficient utilization of public personnel and hence gradual reduction of the number of public personnel.

Of these aims, the attempt to establish a uniform organizational framework was relatively more successful than the other three objectives. For ministries, the general directorates affiliated to ministries, and for the field and provincial units of ministries, the basic line, staff, and auxiliary units were identified. Thus, in each ministry, a unit responsible for “training” was established, and those units were given the same title and place in the hierarchical structure of each ministry. Similar arrangements were made for the general directorates attached to the ministries and for the field and provincial units of the ministries. The objective here was to provide organizational uniformity among the public agencies.

Relatively speaking, radical changes in the Turkish bureaucracy came to the agenda only after the Motherland Party (MP) captured power following the 1983

general elections. Above all, the MP governments adopted a policy that emphasized market forces and aimed at increasing Turkey's exports. This policy, which had been referred to as "a liberal revolution" (Rustow, 1987: 2), was to replace the earlier economic policy of import substitution in particular and *étatisme* in general. The export-promotion and privatization policies of the new government meant not only reducing the scope of civil bureaucracy in Turkish politics and economics, but in many cases also sidestepping the traditional economy bureaucracy since, Prime Minister Özal thought, the civil servants inherited from earlier periods could not show the dynamism of a successful implementation the new economic policies required (Heper, 1989; Atiyas, 1996).

Before 1980, whenever the governments felt compelled to carry out certain services more rationally, new agencies were created (e.g., the SPO and the SPD) while the old ones were left intact. Also, as noted, the administrative reforms were preceded by long-drawn-out studies by "technocrats" from the universities or the Institute of Public Administration for Turkey and the Middle East.

The self-defeating strategy of adding new agencies to the already existing system and the formulation of reform proposals "by those in their ivory towers" were now abandoned. Instead, a small task force affiliated with the Prime Ministry and headed by a minister of state was formed. This task force worked with the O and M units within the individual agencies and in particular with the critical officials in the ranks.²

The overriding theme was to encourage the exercise of initiative, which to reformers meant that everybody knew what they were supposed to do. Therefore, efforts were made to better define function, authority and responsibility. Authority had to be commensurate with responsibility, and overlaps in function and authority causing ambiguity had to be prevented. In this framework, the internal structure of ministries was reorganized by Act 3046, enacted in September 1984. Achieving a better division of labor and coordination among the various bureaus also meant that a transaction would be completed in one office, and clients would not have to run from one agency to another. These administrative measures, geared to functionality and simplification of bureaucratic procedures and trimming the bureaucracy itself, as mentioned earlier, were the result of efforts to restructure the Turkish economy so that the emphasis would be on market forces.

In the process, the traditional economy bureaucracy was sidestepped. For example, the Ministry of Finance was left basically with the duty of collecting revenues while the newly founded Undersecretariat for Treasury and Foreign Trade was authorized for making and implementing financial and monetary policies. In the same vein, the State Personnel Law was modified so as to allow the private sector managers to enter laterally into the highest administrative echelons in the public bureaucracy. Thus, new civil servants were recruited from outside the bureaucracy, of whom the majority were educated in the United States, and they were appointed as heads of such economically critical agencies as the Central Bank, the state banks, and the state economic enterprises. The

civil service posts became less secure, as many functionaries were now hired on a contract basis. Also, the appointments of civil servants such as governors, deputy-governors and police chiefs became based on loyalty to the party in power (Heper, 1990; Kozanoğlu, 1993).

The MP governments did not intend to convert the bureaucracy into a legal-rational one. Instead, the MP governments tried to inject dynamism into the economic bureaucracy by bringing in outsiders to head the critical agencies of that bureaucracy. However, the bureaucracy as a whole continued to function in its old ways. Its patrimonial characteristics remained stronger than its legal-rational characteristics, and the Motherland Party governments failed to roll back the public sector in the 1984–1990 period (Ömürgönülşen, 1995: 32).

CONCLUSION

The Turkish experience vis-à-vis administrative reform supports the orthodox wisdom: Administrative reform is not solely a technical problem involving changes in organizational charts and manuals. Administrative reform requires changes in norms, social relations, and political power configurations. It takes place in a sociopolitical context.

However high the technical quality and soundness of administrative reform attempts may be, the backing by and support of strategic leaders in government and influential socioeconomic groups are vital to the success of administrative reform. Furthermore, although governments may offer outward support for reform in order to promote their image, they may be reluctant concerning the implementation of reform if they feel that certain political and bureaucratic balances favorable to them will be upset. Similarly, bureaucrats may see to it that administrative reform is effectively circumscribed so that it will not pose a threat to their power and prestige.

One often comes across the latter situation in those countries where the public bureaucracy wields considerable political power. Political parties, parliaments, and executives may exist, but in effect, the bureaucracy performs the policy-making as well as the policy-implementing functions. The political institutions are weak in relation to the bureaucracy. Major policy decisions are shaped by intrabureaucratic politics; *political* issues become *administrative* problems. Thailand during the 1960s and Turkey during the 1930s and 1940s are examples of such bureaucratic polities.

In milieus with such a politico-administrative tradition, the attempts to transform the administrative systems in a Weberian direction—that is, into a legal-rational bureaucracy—become extremely difficult to realize. Even if the structural and functional reorganization may approximate the Weberian model, administrative norms and attitudes will remain largely unchanged; the praxis will fall far short of the ideal.

The Turkish reform experience also shows that administrative reform is closely associated with the developments that one comes across in the wake

of political crises. The experiences of some of the other countries show parallels in this regard. To cite a few examples, in Pakistan (1958), Venezuela (1958), South Korea (1961), Burma (1962), Ghana (1965), and Peru (1968), administrative reforms were launched immediately after the military takeovers (Birkhead, 1966; Berkman, 1979; Groves, 1967; Suk-Choon, 1970). The administrative reforms were also made following crisis situations, which might not have involved military takeovers—for instance, Lebanon after the 1958 crisis, Indonesia after Sukarno lost his power and position, Nigeria after the civil war, and Pakistan after Ayup Khan's departure from power in 1969 (Crow and İskender, 1961; Siagian, 1980; Burke and French, 1970; Hogue, 1970).

Such crisis situations lend impetus to administrative reform efforts. Yet administrative reform is not a one-shot affair completed overnight. There is a need for persistent efforts to see it through. Many reform projects come to the fore following major crises; however, when the dust settles, the old ways return and the reform efforts are frustrated.

NOTES

1. Some sections of four of these reports were published by the State Personnel Department (Ankara) in 1965 under the title "Foreign Experts' Reports Submitted to the Government between the Years 1949 and 1959" (in Turkish).

2. However, these O and M units turned out to be ineffective vis-à-vis the tasks they were saddled with since they were not fit for the job.

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Chapter 10

The Predicament of Administrative Reform in the Arab States

Jamil E. Jreisat

INTRODUCTION

Administrative reform in developing countries is often described in pessimistic terms, not only because the results are sparse but also because the options for reform policies are increasingly narrowing. The literature conveys images of reform efforts that have been impaired by faulty conceptualization and stumbling implementation. Studies of countries from Africa, Asia, and Latin America indicate collapse of reform initiatives. As Caiden (1991: 375) points out: "More ambitious comprehensive reforms faltered and proved a great disappointment in poor countries that had pinned such high hopes on them."

In the Arab world, every state claims a program of administrative reform, but none can show achievement of substantive or radical change. Typically, the results have been confined to modest alterations of current practices. The specific areas where change occurred, and reform values have been stressed, are local government reorganization, limited managerial decentralization, and some tinkering with service delivery. In pursuing these reform policies, Arab governments generally relied on circumscribed approaches such as personnel training, simplification of procedures, or official proclamations on the importance of economy and efficiency.

Industrial countries, too, have been searching to improve the performance of public institutions through a variety of administrative reform initiatives. Leaders of government in the United States, Canada, and Britain, for example, have proposed radical alterations (reinvention) of how government should function. Common among recommended reforms are concepts and procedures that foster quality, accountability, downsizing, empowerment of citizens, and cooperation and team-building within organizational management (Gibbs, 1994; Gore, 1994;

Bourgault, Dion, and Lemay, 1993; Schick, 1990). Industrial systems are continually adapting to conditions produced by the information age, to realities of the growing cost of public programs, and to the difficulties of meeting citizens' constant demands for improved public services.

The effects of these developments on the theory and practice of public administration have been remarkable; some even call it "revolutionary" (Gibbs, 1994: 106). Reinventing government and many derivative or related managerial views is no longer confined to the American setting. Indeed, many of these reform propositions have attained worldwide attention, as they are being scrutinized by scholars and practitioners to determine expected and actual accomplishments from such perspectives.

Generally, administrative reforms in industrial systems appear to offer a far more positive accounting of their achievements than experiences of developing countries indicate. In industrial countries, one finds radical changes unfolding in budgetary practices, structural arrangements, standard operating procedures, or relational targets of reform. Nevertheless, in all environments and cultures, the trials and tribulations of governmental reforms are as constant as they are exacting.

CONTEXTS OF ARAB ADMINISTRATIVE SYSTEMS

For many years, scholars have been diagnosing the ills and dysfunctions of Arab bureaucracies in order to prescribe solutions and remedies (Ayubi, 1989; Palmer, Leila, and Yassin, 1988; Cunningham and Sarayrah, 1993; Jreisat, 1988, 1990). Arab governments uniformly proclaim administrative reform as a national objective to be targeted in major public policy initiatives. Understanding these reform efforts requires analysis of their contexts and evaluation of their particulars. The context includes many elements. Most relevant are colonial legacy, type of political order, growth of population and urbanization, and predilection of Western policies to control Arab oil.

IMPERIAL LEGACY

Before World War I, most Arab lands were under Ottoman rule. With the collapse of the Ottoman order, the anticipated transformation of the Arab society into a united, independent state took a turn that drastically changed the future direction of the Arab world. The end of the Ottoman domination was not the beginning of Arab independence or political unity. Instead, a new colonialist order imposed itself and subdivided the Arab lands into British and French possessions and protectorates. The imperial rule designed the structure of the state, established its institutions, and selected its top leaders. The British hegemony is described by a functionary of the colonial period (Parsons, 1991: xv) in the following:

When World War II ended in 1945, Britain had emerged supreme in the Middle East from Libya in the west to the frontier of Afghanistan in the East. Her old rivals in the Eastern Question—France, Russia, Germany and Italy—had been driven from the field by defeat in war or revolution at home. The mantle of the Ottoman Empire, so long sustained by the competition of the Great Powers but destroyed through choosing the wrong competitor in World War I, had been assumed by the British Empire.

In a complex system of political entanglements, the imperialists installed leaders for these new Arab states as rewards for their loyalty. This was most blatant in the Persian Gulf region where, for a long time, the British discouraged integration of these municipalities into a viable political structure. Britishers often acknowledge the political and economic outcomes of their dictates in the Persian Gulf region. As Balfour-Paul (1991: 5) concedes: “In a sense the political fragmentation of this area, the outcome of Britain’s nineteenth century treaties with whatever shaykhs they found locally in charge at the time, whereby their separate authority was legitimized and perpetuated.”

With directions from the British colonial administration, the new Arab states staffed their governments and laid the foundations for compliant bureaucracies that, henceforth, expanded exponentially while fortifying their self-serving procedures. But the British position in the Arab world soon became untenable. Nationalists’ demands forced the British out but could not eradicate their imperial political edifices in Arab politics. Indeed, the imperial policies of Western powers continued to protect and to perpetuate the reigns of pliant dynasties that dominate Arab countries in the Persian Gulf region.

Independence is the contrast of colonial rule. In theory and in practice, independence demands refocusing public policy and reordering national priorities, particularly those related to *socioeconomic development*. The inherited social and economic realities of the Arab society gave urgency to government action and intervention, not only to generate economic growth, but also to provide satisfactory essential services. Public institutions and the bureaucracy became the frontline of state intervention, hence dramatically increasing their numbers, costs, and powers. With such growth, the challenge of building administrative capacity for action to serve developmental policies became compelling.

THE POLITICAL CONTEXT

The power of bureaucracy is a derivative of the enormous power of the Arab state and its leadership. As Hourani (1991: 381) points out, independence of the Arab state was not the triumph of the indigenous possessing classes, but in most countries the victor was the state itself, those who controlled the government and those in the military and civil service through whom its power was exercised. As in most developing countries, the reach of Arab governments extended beyond traditional functions of maintenance of law and order, collection of taxes, and delivery of essential services. Until recently, most Arab govern-

ments actually owned and managed public utilities, banks, railways, airlines, buses, telephones, water, gas, and electricity. They still own and manage television and radio stations, newspapers, universities, hospitals, as well as housing projects.

Since the 1960s, the economic and social ideologies of the ruling political parties in Egypt, Algeria, Syria, and Iraq appreciably extended the economic dominance of the state. These ruling parties advocated state ownership and/or control of society's wealth. Thus, through acts of nationalization as well as creation of public enterprises, many operations that were privately or foreign owned changed to public ownership. The state built many public services, industries, and utilities and kept full or partial ownership of such enterprises. Also, nationalization developed its own momentum in certain countries. Governments expanded their purposes for intervention beyond the economic rationale of stimulating productivity to include the objectives of social justice, as has been the case with land reform programs in Egypt, Syria, Algeria, and Iraq.

In a significant way, the national comprehensive development planning, and the allocation of resources to such plans, dominated domestic Arab public policy in the period after World War II. As a consequence of these developmental concerns, the bureaucracy emerged, occupying a central role in governing. Included in its augmented new role are the tasks of conceiving, legitimizing, and implementing the state's planning mandate.

OIL AND ISRAEL

Oil revenues helped some Arab countries and certain sectors in others but failed to prevent the development of fundamental structural changes in their economies. Agriculture has become less important. Huge oil revenues, inequitably disbursed, deepened the polarization of social and political forces in some Arab societies. The concentration of wealth in the hands of the few ruling families and their attendants caused frequent popular explosions and street violence. During the 1980s, Saudi Arabia, Egypt, Algeria, and Jordan all witnessed popular uprisings. Nationalist and Islamist groups advanced various ideologies advocating correction of imbalances in wealth accumulation and serving wider public interests.

Another consequence of the enormous inflow of oil revenues and their mispending is the exasperation over the issue of regime legitimacy in contemporary Arab societies. Not reflecting the popular will or enjoying democratically sanctioned powers, most Arab leaders perennially face a crisis of legitimacy of their rule. The legitimacy issue is most salient when citizens perceive their leaders are compromising national independence to safeguard their family dominance of the state. More than any other problem, subservience of Arab regimes to foreign powers and charges of corruption have eroded their legitimacy and rendered them highly ineffective. Recent turmoil in the region illustrates how the discovery and exploitation of Arab oil had led to a replacement of British by

American control in countries like Saudi Arabia, Kuwait, and other Persian Gulf states.

Israel is another factor in the Arabs' turbulent relations with the West and its continuous intervention in the region. For various reasons, Israel's security and economic sustenance have become integral objectives of U.S. foreign policy on the Middle East. U.S. support is not limited to giving billions of dollars annually in economic aid or to a continuous supply of the most advanced weapons and technology, but also includes appearing to the Arabs as advocating Israeli demands regardless of the merit of Arab grievances. Certainly, the United States' interests in oil and in Israel have been the two major assumptions that oriented the American approach to the region from the 1940s to the present.

POPULATION GROWTH AND URBANIZATION

Population growth marks a noticeable change in contemporary Arab societies; the entire population of the Arab world was of the order of 35–40 million in 1914, 55–60 million by 1939 (Hourani, 1991: 333), and over 230 million in 1993 (The World Bank, 1994: 204). (In Egypt alone the population increased from 15.9 million in 1937 to about 59 million in 1994.) The increase of population by over 250 percent during the past 50 years is not totally due to a high birth rate. It is also the result of a decrease in the death rate achieved through improved economic and health conditions. A significant effect of the rapid growth in population is that the age distribution changed, resulting in a dramatic increase of the population aged 20 and under. This aspect of the new demographic reality itself constitutes a significant challenge to the various functions of public policy, particularly education, employment, and housing.

Urbanization of the Arab world is the result of decreasing population of the countryside and the swelling of cities with inhabitants, producing numerous economic and social problems. The concentration of citizens in the big cities, particularly capitals, has resulted in a variety of difficulties for the delivery of public services and for governance in general. In the 1990s, the urban population, as a percentage of the total population, was about 54 in Algeria, 44 in Egypt, 69 in Jordan, 45 in Syria, 57 in Tunisia, and 47 in Morocco (The World Bank, 1994: 222, 223). In several Arab states, one out of five citizens lives in the capital.

The urbanization trend has been stimulated and facilitated by change in methods of transportation pursuant to the introduction of railways, automobiles, and airplanes. Distances also are shortened by improvements in communication technologies (telephone, radio, and television). Loss of population in the countryside has been accelerating as a result of migration to cities for employment opportunities and better public services. The migration to cities continues, despite governmental interventions intended to benefit the countryside. For example, in many Arab countries (Morocco, Algeria, Tunisia, Syria, Egypt, Jordan, and Iraq), large-scale irrigation works have been implemented in the rural areas to

regulate the flow of water and to improve agricultural productivity (Hourani, 1991: 375).

In delineating the basic components of the administrative context, two other factors are worth noting. First, despite the rivalry and distrust among Arab political leaders, many common features unite the Arab people: culture, language, history, religion, and certain operating political and administrative traditions. In fact, since the 1950s, a growing interdependence of the Arab peoples has strengthened some of those cultural, economic, and political ties. Moreover, modern communication technologies, improved transportation methods, shared political ideologies, and extensive labor migration have significantly contributed to this interdependence among citizens in the post-independence era.

Second, during the past four decades public administration has been saddled with socioeconomic development that has not served the cause of equity and social justice in the society. In several countries, the population growth had thinned the ranks of beneficiaries of economic development to include basically political leaders, landowners, wealthy merchants, owners of big construction industries, army officers, and top civilian bureaucrats. This stretched the gap between rich and poor; and large segments of the society benefited little or not at all. Middle- and lower level employees whose ranks were rapidly expanding found their economic benefits dwindling in the midst of rampant inflation. As the major instrument for implementing public policies, public administration faced all the contextual—political, economic, cultural, and international—realities of the Arab world. Lacking the capacity to perform their duties and suffering their own constant shortcomings, contemporary Arab bureaucracies appeared in acute need of fundamental reforms.

PARTICULARS OF BUREAUCRATIC DYSFUNCTIONS

Bureaucratic dysfunctions are rampant in the midst of Arab political systems with excessive powers and unrestrained habits of intervention in every aspect of society. The enormous powers of the state underscore the strategic position of bureaucracy as well. This is why bureaucratic pathologies, and the search to remedy them, are universal claims of Arab regimes. Throughout recent history, the Egyptian bureaucracy, for example, has been viewed as a major source of many societal problems and difficulties. To Morroe Berger (1957), the traditional conduct of bureaucrats appears inconsistent with organizational rationality as designated by official forms and rules. More recent critics (Ayubi, 1989; Palmer, Leila, and Yassin, 1988) conclude that the Egyptian bureaucracy is a major detriment to national socioeconomic development. Similar views are frequently expressed about bureaucracy in every Arab state, although the intensity of the negative assessments varies from one country to another. Such bleak assessments abound; the issue has become not whether the Arab bureaucracy suffers a multitude of problems, but whether it is changeable or reformable at all.

Certainly, the political context has contributed significantly to many of these

bureaucratic pathologies. As indicated earlier, public policy formulation is centralized, oligarchic, and fragmented. To illustrate, a small country like Jordan has 31 ministries braving a multitude of policies and programs with little coordination and tremendous overlapping. Egypt has 32 ministries, in addition to 200 agencies that report to these ministries. The proliferation of governmental structures fragments policy making and exacerbates the problem of coordination, particularly during the implementation of public policies. It is not unusual to find that in many Arab states policy portfolios are created to accommodate special interests or to respond to political considerations rather than being dictated by common societal needs. Fragmentation is apparent when Egypt splits up the economic domain among four ministries that have very limited linkages (El-Sherbini, 1993: 15).

As elsewhere, bureaucratic shortcomings are numerous in the Arab states. The most commonly recognized are the following.

First, overstaffing, underpaying, and low productivity are attributes often associated with many Arab bureaucracies. Nazih N. Ayubi (1989: 62) points out the excessive growth in numbers and expenditures of an already huge public bureaucracy in Egypt, where “public employment continues its phenomenal growth” after the adoption of liberal economic policy in 1974. During the period between 1977 and 1980–1981, despite the official rhetoric about decentralization and local government revival, Ayubi (1989: 63) explains that the Egyptian central bureaucracy increased by 60.4 percent, whereas employment in local government increased by only 28.7 percent. The magnitude and type of growth in public employment indicate that (1) the bulk of expansion is at the central offices and not at the local government, (2) the growth is in the “conventional” rather than “developmental” jobs, and (3) the growth tended to be proportionately larger at the top echelons of each category of the bureaucracy (Ayubi, 1989: 63).

Overstaffing and low productivity also are exemplified by the Saudi administrative system. The Saudi bureaucracy, although it has grown rapidly in numbers and has assumed new obligations in formulating and administering development programs, still lacks the basic capabilities to meet the demands being placed upon it (Heady, 1984: 296). Overstaffing is apparent at all levels of the Saudi bureaucracy, but more so at lower levels of jobs because government is the main employer in the society. Various attempts at administrative reform, particularly in the civil service functions, resulted in a great deal of formalism and little real capacity when implemented (Heady, 1984: 296; Osman, 1978).

Second, lack of innovation in the Arab bureaucracy was reported by Palmer and his research associates (1989) in Egypt, Saudi Arabia, and Sudan. According to their findings, Egyptian and Sudanese officials, because of the low-wage structures in their respective states, were somewhat more predisposed than their Saudi counterparts to view low innovation as a problem of incentives. But in the Saudi case where financial incentives are no problem, innovation also was

low. The authors conclude that “[M]onetary incentives alone are unlikely to solve the problem of low innovation unless they are combined with programs that address all of the relevant dimensions of bureaucratic behavior” (Palmer et al., 1989: 25). In societies emphasizing socioeconomic development through ambitious national plans, lack of innovation within the bureaucracy inevitably has serious contrary effects on the whole process of development.

Third, a study of bureaucracy and development in Jordan points out that in comparison with other developing countries, the Jordanian bureaucracy inspires fewer negative characterizations and sometimes is commended for its performance (Jreisat, 1989: 99). However, efforts to professionalize the Jordanian bureaucracy were not successful in eliminating the ills of clerkism, centralism, nepotism, and low skills which have been retarding the effectiveness of bureaucracy in its central role as a tool of socioeconomic development (Jreisat, 1989: 94).

Fourth, a study of 140 business and semi-business “successful managers” from the Gulf states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates) suggests that “several troublesome issues are emerging.” They are: “increased bureaucracy and red tape”; “lack of authority to make decisions” (centralization); “indecisiveness” of the managers and their avoidance of risk; and “government interference” in business affairs (MEIRC, 1989: 114).

Fifth, corruption has been a common concern as the antithesis of reform. In Africa, Asia, and the Middle East as well as the United States, incidents of corruption are not scarce. Causes of corruption cannot be definitively decided. Poor pay, inadequate fringe benefits, weak commitment to the state or to the party in power, lack of monitoring and control of public officials, or the culture of the society have all been blamed for rampant corruption in modern governments.

In the Arab states, corruption is so widespread that many public officials look at it as an acceptable and legitimate route to success (Jabbara, 1989: 5). It seems that corruption does not evoke the necessary legal punishment or, more seriously, the social penalty that negatively affects respectability in one’s community. This situation is creating a vicious circle in Arab governments that seek reform. How can one expect a corrupt political or administrative leader to seriously effect reforms that prevent his self-enrichment or limit his arbitrary power? Perhaps one of the most alarming aspects of corruption in many Arab societies is that “the practices of corruption are being internalized by younger generations and will become part of their value systems if no measures to stop them are implemented” (Jabbara, 1989: 5).

Other studies of Arab governments have reported large-scale corruption. In Egypt, Ayubi (1989: 75) reports that “[C]orruption had to a large extent been ‘institutionalized’ in the seventies, partly as a safety valve for the badly paid bureaucracy, and partly as an accompanying symptom of the *laissez-faire* policy.” From Syria, Hinnebusch (1989: 90) finds “symptoms of parasitism” caused by extractions from peasants by corrupt officials. In Saudi Arabia, Kuwait, and

other Gulf states, stories of huge briberies to senior government officials or to members of the ruling dynasties are almost routine business.

WHAT REFORM?

What do Arab states promise to accomplish with their proposed reforms? What are the contents of these reforms, and what do they reveal (or conceal)? The author's examination of administrative reform initiatives in 11 Arab states (from official reports in Arabic) underlines certain common features. They are:

Reforms to Rationalize Governmental Structures

Arab governments expend substantial efforts in organizing and reorganizing their public agencies. The ultimate objectives are to deal with inertia, to manage excessive centralization, to improve performance, or to clarify lines of authority and responsibility. This has been a central theme of reform programs in Egypt, Jordan, Syria, Saudi Arabia, Tunisia, and the United Arab Emirates.

Change through Simplification of Operating Procedures

Directly or indirectly, simplifying procedures shows up on the agenda of every reform program in the Arab states. In some cases, simplification of procedures is coupled with general notions of updating laws and reviewing methods of operation, giving greater substance and more challenge to reform efforts.

Enhancing Personnel Development through Training

A recurrent claim in all reform packages is the need for staff development and for training programs to improve managerial skills. Some governments' reform initiatives emphasize the role of administrative leadership and recommend specially designed development programs to advance the knowledge and capabilities of their leaders.

Perhaps the most prevalent proposals for reform are those recognizing the centrality of the human side of public service in all efforts to improve the performance of the public sector. Tunisia, for example, specifically calls for greater attention to human factors in examining the performance of public agencies. Other states such as Bahrain, Jordan, and Syria see the issues from the perspective of incentives for civil servants to induce higher levels of performance. All bid for skill-oriented development and training programs to improve productivity.

Finally, Arab reform programs acknowledge the importance of information in modern management. They target the need for obtaining information and for acquiring modern tools to collect, store, and retrieve data as necessary. Specifically, Egypt plans to update information systems, particularly those used by

senior officials such as the prime minister. Iraq's program calls for gathering information and survey data to help in public policy making. Jordan has established a central office for data gathering and retrieval and has franchised its operation in line agencies. Other states have called for greater utilization of computers in offices for faster and more accurate service.

Few remarkable reform ideas deserve recognition. Tunisia, for example, acted to empower citizens by allowing them a significant role in administration. Because citizens benefit when service is improved, their ideas are methodically incorporated into the process of reform. This is carried out primarily through joint committees where citizens and public officials discuss, evaluate, and recommend managerial improvements. About 30 such committees are operating in Tunisia.

In Sudan, the government reformers' objective is to neutralize public service by protecting it from political interference. The claim is suspect, and its achievement is even more dubious. It indicates, however, that political meddling in administration is excessive. Whatever the claims, the Sudanese public management is far from being independent from the political process or political interventions.

In Egypt, a growing concern is the unavoidable economic role of bureaucracy and its implication for reform efforts. More recent reform attempts in Egypt call for training top public managers in modern finance and in handling issues such as public debt management, investment, and management of public projects. In the midst of an environment that focuses on privatization and downsizing, Egypt's reform programs are seeking to improve the capabilities of bureaucracy in managing activities presumably slated for less government responsibility.

ANALYSIS AND CONCLUSIONS

A striking aspect of all reform proposals by Arab states is the absence of information about outcomes, expected or realized. Governments state policies in general terms, devoid of measurable evidence of results. One cannot find any evaluation of programs that government agencies claim to have already carried out. Reform rhetoric does not appear to differentiate between formulating a policy and implementing it. Government officials seem to confuse "saying it" with "doing it." Thus, the difference between perception and reality is invariably magnified. Governmental performance is consistently reduced to a debatable perception rather than a professional and verifiable determination of policy outcome or impact.

The seriousness of these reform proposals is nowhere more undermined than in lack of attention to implementation. The process of formulating a reform policy does not seem to even acknowledge the distinctiveness of the issues and the problems of implementing the policy. Information on results is scarce, and the ability to commit corrective actions, when necessary, is deficient. Another missing element in reform policies is an orientation that actively resists corrup-

tion and mismanagement. In all reform proposals made, one cannot find any effort to deal with the problem of corruption in government, define contributory factors, or recommend limiting measures. Reform proposals seem to focus on traditional managerial concerns: procedures, reorganization, and training. Tinkering with procedures, organizational forms, and day-to-day operations involves little or no political or economic risks. Very few would tread in areas that may require restraining, disciplining, or curtailing the privileges of the ruling power.

In making daily decisions affecting the lives of citizens, public agencies do not seem attentive to factors of neutral professional expertise or professional ethics. Political loyalty, family connections, social status, and old-fashioned patronage have been the determining factors in staffing senior government positions. Such practices have produced crippled administrative structures, incapable of taking initiatives and fearful of committing errors. Consequently, in its current condition, the Arab bureaucracy cannot lead efforts of socioeconomic development.

The challenge for reformers is to forge administrative structures and to develop a professional management that has the capacity (skills, knowledge, and ethics) to produce developmental objectives and to execute them. The difficulty is that in times of fiscal stress, demoralization, lack of incentives, and inflexible political leadership, it is getting harder and harder to assemble a staff with the talents needed to accomplish the task.

Reform programs of the Arab states, as formulated and promulgated, are unable to achieve their purported goals, let alone build a competent public service profession. Nor are any of these programs qualified to redirect existing public institutions to reflect the dramatic changes taking place in the society. Despite all recent reform endeavors, Arab administrative systems have not succeeded in developing capacities in the areas of risk taking, recognition of outstanding performance, or overall professional competency. This should not be surprising. Indeed, it is fair to ask: why should we expect administrative reforms to work in environments where freedom of the press is restricted, political meddling is excessive, citizen participation in public policy making is minimum, and competence and professionalism of administrators are lacking?

The processes of administrative reform in the Arab states are top-down, change by decree or edict. In view of the limited variations in the practices of these states, excessive centralization and the usually undefined powers of the head of state provide a political safety valve. Thus, potentially disruptive ideas are vetoed, and recommendations are screened to keep out unacceptable ones. The political authority exercises control at every stage. A paralyzing conformity ensues, and innovative or radical thinking is filtered out. In fact, political leaders at the top either personally or through their trusted agents authorize all ideas of change, approve recommendations, and control when and how implementation may proceed. Even minor changes of organization and management often require approval at the highest political levels.

Under such conditions, three important elements are absent from the process: employee involvement, an effective incentive system, and appropriate methods of evaluation and feedback (Jreisat, 1990: 413). Perhaps the greatest negative consequences of unidimensional reform initiatives are manifested in weak diagnoses, questionable designs, and unclear recommendations for action. At the same time, experience indicates convincingly that successful planned change is a participatory and an iterative process of diagnosis and action (French and Bell, 1995: 7). This is another reason that Arab reform efforts, without open participation, cannot expect effective mechanisms of accountability, evaluation, and feedback.

Approaches to administrative reform in the Arab states indicate that reform has identifiable, similar phases. Initially, pressures for administrative change develop as a result of a serious breakdown in a public service delivery system or as a result of rampant corruption and waste. The head of the state generally responds by decreeing the establishment of a committee with members from high-ranking politicians and bureaucrats and, perhaps, few academicians. The committee pronounces a strategy for reform at an early stage. At the end, the committee issues a report with proposals for dealing with the administrative problems of the country. The recommendations almost always include measures of organizational restructuring and enactment or reenactment of legal powers to implement the changes. The committee then waits for top political approval of the recommendations or some of them. Recommendations for reform repeatedly incorporate proposals of shuffling of responsibilities between agencies or transfers of some senior staff to accommodate the implementation phase. Foreign consultants and advisors (mostly American) have invariably been associated with the proposed reforms. A measured public debate may take place in the press, mainly as editorials, commentaries, advice, or suggestions based on the limited information revealed publicly. Citizens and employees may not notice any significant difference in performance in the long run (Jreisat, 1988).

These may not be exact steps followed by each state; they are, however, an approximation of the process in the states that have embarked on administrative reform in the past few years. The institutional setting in all cases is public bureaucracy, which serves the central authority in reaching every aspect of life in the society (including setting limits on individual behaviors and freedoms).

In conclusion, administrative reform practices of the Arab states (and many other developing countries) appear to exhibit definite features. The diagnosis of administrative problems is haphazard—without systematic and reliable supportive information. Seldom does one find administrative reform initiatives based on need assessment, accurate performance evaluations, or citizen input, for example. Such diagnostic tools are not used to define or to discover problems that need solutions. Often, the problem to be dealt with is what the political leader decides it is, regardless of the facts in the field.

The conceptualization of reform is sanitized (by the political regime) of radical departures that may weaken the grip of the hierarchical authority on decision

making. All changes begin and end at the top of the political pyramid. Excessive centralization and the usually undefined powers of the head of the state provide a political safety valve. Thus, potentially “disruptive ideas” are vetoed, and recommendations are filtered through to keep out unacceptable views. The political authority exercises control at every stage. It authorizes the idea of reform itself, approves the recommendations, and controls when and how the implementation will proceed. Even minor changes of organization and management often require cabinet-level decisions, if not royal or presidential approval.

Consequently, managerial professionalism is often subordinated to political causes. Unnecessary senior positions in the bureaucracy, for example, are difficult to abolish or submerge when the persons occupying such positions are related to a ruling family or a proxy ruling family. A societal sense of skepticism and disbelief prevails because of continuous claims of administrative reform with negligible results. Nor is public confidence assured by lack of accurate information about reform decisions and absence of participation by employees and citizens.

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Part III

Administrative Reform in Africa

Chapter 11

The Role of Human Resource Management in South African Public Service Reform

Victor G. Hilliard

INTRODUCTION

After almost four decades of authoritarian rule, South Africa became a democracy in April 1994. This momentous occasion in its history had a pronounced effect on South Africa's public service with its approximately 1.9 million public servants at all three levels (spheres or tiers) of government.

South Africa's previous public service, under apartheid, was unrepresentative of the population profile of the country in terms of race, gender, and disability. It was geared to implementing and propping up the apartheid policies devised by the Nationalist government with the prime purpose of sustaining White minority rule. The Nationalist government, which was in power from 1948 to 1994, achieved its aims by excluding Blacks from participating in governance and administration at the highest levels of government.

All this started to change in 1990 with the release of Nelson Mandela from prison and the switch, in 1994, from a racist to a democratic regime. Since 1994, the South African public service has been at the cutting edge of transformation—so much so that transformation has resulted in a number of untoward consequences affecting the public service's human resources. Not the least of these are the demoralization of the so-called old guard (i.e., those public servants appointed prior to 1994 by the apartheid regime); the early retirement of some of the "old guard" (mainly White officials); inefficiency and wastage, primarily caused by the lack of training for new incumbents (i.e., the so-called new guard); and the deterioration of service delivery due to too hasty purging of the "old guard" through offering voluntary severance packages and as a result of rapid, instead of gradual, transformation.

This chapter deals with some of the human resource management problems

encountered in the transformation process(es) of the South African public service. In order to obtain a comprehensive picture of the developments in the human resources field, it is necessary to point out some of the most significant features of the *White Paper on Human Resource Management in the Public Service*, 1997 (Government Gazette No. 18594).

SALIENT ASPECTS OF THE WHITE PAPER ON HUMAN RESOURCE MANAGEMENT

The *White Paper on Human Resource Management in the (South African) Public Service*, December 1997, has the following core ideals.

That:

- (a) The South African public service becomes representative of all the people of South Africa;
- (b) The public service treats public servants as a valuable resource;
- (c) The public service focuses on service delivery outcomes;
- (d) The public service assigns managerial responsibility for results, and for the resources consumed in producing them, to the lowest practicable level;
- (e) The public service holds public servants accountable for their actions; and
- (f) The public service conducts its business professionally, transparently and ethically (*White Paper on Human Resource Management in the Public Service*, 1997: executive summary).

This chapter will now address these issues.

Representativity and Diversity Management

Two of the many issues that need to be managed properly in the “new” South Africa are the need to make the public service representative—in terms of race, gender, and disability—of the population profile of the country while simultaneously managing diversity sensitively.

Representativeness

In 1991 it was estimated that 91.5 percent of South Africa’s public servants in the top echelons were White males (see Levy in Cloete and Mokgoro, 1995: 86). However, this personnel profile has changed appreciably over the past few years. In 1997, 79 percent of all public servants were Black, of which 38 percent held positions of director or higher. In 1997, women accounted for 49 percent of the public service, although only 11 percent of the women in the South African public service were at director level or higher. In 1997 only four women were directors-general (see *White Paper on Human Resource Management in the Public Service*, 1997, sections 1.3.1 & 3.2.2).

Diversity Management

In the process of public service reform, all personnel should be trained in the finer techniques of handling diversity. It is indeed no coincidence that South Africa has been called the Rainbow Nation. For example, South Africa has 11 official languages, a diversity of religions, and a plethora of ethnic groups and cultures. Thus South Africa consists of a potpourri of people who have to live and work together. Furthermore, those demographic features found in the nation as a whole should normally be mirrored in the workplace as well, although this was not the case in South Africa's minority-dominated past where Whites "controlled" the public service and the country. Therefore, to address past imbalances, no employer today can evade managing South Africa's diversity. Some of the steps that should be taken to ensure that South Africa makes satisfactory headway in managing multiculturalism in the workplace are outlined below. It must be remembered that diversity management should not lapse into, or be mistaken for, the old-style separatist (discriminatory) policies of South Africa's past. This should by no means be the intention (see Hilliard, 1994, 1997d).

Steps in Managing Multiculturalism

Some of the steps that should be taken to ensure that South Africa makes satisfactory headway in managing multiculturalism in the workplace are:

- *Check prejudice and discrimination.* Prejudice and discrimination are not confined to any one particular racial or ethnic group. Any person could be found wanting in this area of his or her life. Therefore, all South Africans should be ever vigilant to ensure that their actions, and even their thoughts, are constructive and that these promote, instead of spoil, the spirit of nation-building.
- *Refrain from stereotyping.* Placing people into boxes and labeling them is a dicey pastime. This is so because the values and norms of society are in a constant state of flux. For instance, what one may have regarded as liberal a decade ago may be seen as conservative today. It is highly presumptuous, therefore, to stereotype, or even brand someone, for it may harm good human relations.
- *Permit learning-curve mistakes.* Workplace transformation is not only painstaking but could also be painful for both mentor and subordinate. Therefore, all tutors should exercise patience and give the newcomer or novice sufficient leeway to learn from his or her mistakes, no matter how tedious the process. People cannot be expected to be experts as soon as they start a new job.
- *Affirm the worth of people.* To maintain their self-respect, people need, and of course thrive on, praise. It is thus essential that those in leadership positions are hand-picked for their ability to handle people. Undoubtedly, staff who are constantly criticized for their mistakes and who are never acknowledged for a job well done may become withdrawn and depressed. A low morale normally leads to demotivation and low productivity.
- *Practice mutual tolerance.* Tolerance is something that all persons need to learn, and it does not usually come naturally because most human beings are inherently self-

centered. Nevertheless, it is imperative that tolerance be acquired and that it is seen to be practiced by all cultural, language, religious, and political groups, for without it South African society could be dogged by dissension and factionalism.

- *Expose string-pulling, favoritism and nepotism.* Many persons usually favor their own kind at the expense of relatively unknown “outside” job applicants. However, it is a fact that most people only ask to be given a fair chance to prove themselves in the job situation. Therefore, where favoritism is rife, and where persons in leadership positions do not or cannot make objective decisions, a public outcry would be warranted. No one wants to be treated unfairly, especially if it is blatantly clear that cronyism is prevalent. Therefore, fairness always has to be an overriding consideration when persons are weighed up for particular posts. Family ties, political affiliation, quotas, or other irrelevant criteria should not matter.
- *Avoid arrogance and dogmatism.* Supervisors and subordinates should always be aware that there could be better ways of performing a task. These innovative methods should be investigated, developed, put into operation, and perfected. For this purpose, joint consultation and participatory management have been found to be successful in keeping subordinates informed and in avoiding worker alienation.
- *Improve communication.* Much wastage could be avoided if misunderstandings were cleared up in a timely fashion. Therefore, communication channels from supervisor to subordinate should always be kept open. Supervisors should practice an open-door policy wherever possible. Where communication breakdowns have occurred, they should be restored as quickly as possible to ensure a continuous work flow.
- *Build on commonalities and strengths.* One of the most difficult aspects of diversity management is to ensure that supervisors and subordinates build on each other’s strengths and that they seek mutual understanding. Hypercritical nitpicking and constant emphasis of weaknesses are demoralizing and could in the long term prove destructive. Negativity usually influences productivity adversely (see Hilliard, 1994, 1997d).

Clearly, South Africa’s diversity can either help to cement the nation together, or it can become a wedge of discord and strife. What eventually happens to South Africa as a nation will largely, but not entirely, depend on how well diversity is managed in the public service.

Valuing and Training Human Resources

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), section 195(1)(h), demands good human resource management to “maximise human potential” and to promote “career-development practices.” Unfortunately, the problem with the previous regime was that it conducted its human resource management on a separatist (segregationist) basis, with each (public) administration (or department) being responsible for a specific racial group (i.e., Whites, Coloureds, Indians, and Blacks were served separately). This situation changed with the advent of democracy in 1994.

All public service personnel (and their clientele) now have to be treated on

an equal basis, and, to all intents and purposes, no discrimination is permitted on the grounds of “race, gender, sex, pregnancy, marital status, ethnic or social origin, colour, sexual orientation, age, disability, religion, conscience, belief, culture, language and birth” (section 9(3) of the 1996 Constitution). Every appointment, promotion, and dismissal in the public service should be consistent with South Africa’s constitutional principles and may not contravene any of the provisions of the South African Bill of Rights. This is so because since 1994 South Africa has been a constitutional state. In effect, this implies that every citizen has particular rights entrenched in the 1996 Constitution and that these rights cannot be infringed by any person or body. Thus anyone, including a public servant, has the right to resort to the Constitutional Court should he or she feel that a specific right has been contravened (infringed) (see section 167 of the 1996 Constitution Act).

Valuing Human Resources

Personnel are usually one of the state’s greatest assets; therefore, they should be treated as such. During public service reform and transformation, it may be difficult to determine precise personnel requirements through what are generally known as human resources audits, forecasts, and plans. In South Africa this difficulty has arisen primarily as a result of the legacy of apartheid where the Government of National Unity (GNU) inherited 11 different—and costly—public service administrations that had to be amalgamated to form a cohesive, unified (single) public service.

Despite the complexities of the formulation process, the need for a comprehensive human resources plan cannot, therefore, be disregarded (see *White Paper on Human Resource Management*: section 11). The plan should be drawn up to predict as accurately as possible how many staff members the “new” (post-1994) public service as a whole will need on an ongoing basis. This plan should also be able to estimate redundancies, retrenchments, early retirements, natural attrition, and “normal” staff turnover. Plans (possibly in the form of legislation such as the Employment Equity Act) should also be drawn up, with appropriate time frames, as to how affirmative action should be implemented. However, it must be emphasized here that the authorities cannot simply purge the public service of personnel on a fast and loose basis as a result of the demands for representativeness and political correctness, or for purposes of political point-scoring. People have to be valued for their contribution to the overall success of the public service, regardless of their race, gender, political affiliation, or any other extraneous criteria.

Furthermore, each staff member who is retrenched or who is given a (voluntary) severance package should not automatically be replaced by another person or persons of a different racial hue. This may be perceived by the prejudiced or dislodged party as a retributive appointment. Each move made in the public service should not only be aimed at ensuring representativeness, but should also ensure that those being appointed will decidedly add value to the public service;

that is, such persons must be able to increase overall efficiency, effectiveness, and economy (see the Basic Values and Principles Governing Public Administration in South Africa: Chapter 10 of the 1996 Constitution Act, section 195(1)(b) which demands an efficient, effective, and economical application of all resources). Therefore, proper human resources planning and utilization are essential for the long-term survival of any South African public institution.

The “new” public service, after considerable restructuring, will have a “new” personnel complement (the “new guard”) working side by side with the “old guard” or with any other personnel who are still left behind from the old order (i.e., the government prior to 1994). Therefore, it is essential that the foundations are laid for sound human as well as labor relations throughout the South African public service. In other words, positive and productive working relationships should be forged between the whole personnel corps which will encourage a team spirit among all employees.

Since 1994, however, thousands of South African public servants (mainly Whites) have either opted for voluntary severance packages or have decided to take early retirement. Many of these people have skills and expertise that cannot always be replaced easily or immediately. Without negating the importance of section 9 (2) of the 1996 Constitution Act, which makes provision for affirmative action for previously disadvantaged groups, and without detracting from the need for representativeness in the public service (as discussed above), perhaps the time is opportune to arrest the drain of skills and expertise, particularly from the public service, and to reflect on some new strategies for public service reengineering, for example, “reconditioning” the “old guard” or striving to renew the so-called mind-set of personnel who served under the previous dispensation (in the pre-1994 era) (see Hilliard, 1997c).

Experts in the human resources field usually claim that with sufficient motivation and appropriate inducements, people are willing and able to change their behavioral patterns, and thus their attitude(s) toward their employer and their work. The process of revamping the mind-set of the “old guard,” and of retraining these staff members to become a useful (productive) part of a new organizational setup, is sometimes called “redeeming” the “old guard.”

From the aforementioned exposition, it would seem that the haste with which the South African transformation process has been tackled will eventually cause a shortage of skilled and experienced public servants. This shortage may hamper service delivery and may exacerbate South Africa’s low productivity levels. Therefore, the whole purging process should be given a serious rethink. What also seems ironical, perhaps even tragic, is that it is not always the deadwood that are leaving the South African public service. Some of the best professional talent, normally in the prime of their lives, may be exiting the public service, and either emigrating or deciding to open their own businesses. Thus the entire process of transformation may have to be revisited, and new techniques may have to be sought and adopted to (re)train and (re)orient those personnel who are indeed willing to change and to fall in line with the spirit of the new order;

that is, the commitment of all staff to the change process is needed to make transformation and employment equity succeed.

Transformation must not be seen as synonymous with simply wanting to get rid of personnel. The transformation process must be approached in such a sensitive manner that the South African public service is tailored, indeed customized, to suit specific conditions prevailing in the country at a particular point in time. This does not mean that incumbents who served under a previous regime are now automatically useless and that they have no further purpose. This could be an entirely incorrect assumption. Furthermore, the public service may not necessarily have to downsize but only rightsize itself—but then the authorities must decide what is the right size.

Obviously, superfluous and redundant staff should be given the option of leaving the public service. However, where the best skills and talents can be retained, all the better because, in the end, the public service has to ensure that service excellence becomes the order of the day and that the public gets the best quality goods and services at the most reasonable price(s). That is, the principle of value-for-money should be an overriding consideration in public service reform. A guiding principle, as outlined in the *Green Paper on Transforming Public Service Delivery* 1996, should always be that the South African public service must be of service to the people. Where the service motive could suffer due to the idea that there are simplistic solutions to public service transformation, for example, by replacing Whites with Blacks without due consideration of competence and merit, the metamorphosis process should be reevaluated—or halted—to ensure that it is not doing more harm than good.

Training Human Resources

After a competent and fairly stable core of personnel has been attained—and when this stage will be reached in South Africa's public service is uncertain—it is necessary to promote the proper training of currently serving staff as well as that of the new personnel. Education, training, orientation, and development are indispensable functions that will help to produce a competent work force and may assist in boosting South Africa's low productivity levels. It would seem that personnel development and training activities were somewhat neglected in the past because of financial constraints and wastage on quadruplicated, racially based services. This wastage was particularly pronounced in the so-called Bantustans (i.e., the territories or homelands created for the 10 Black ethnic groups under the apartheid regime).

Besides the personnel development and training tasks of public institutions, it will also be necessary to provide clearly defined lifelong career paths for all employees, especially for the previously disadvantaged and marginalized. Career advancement is essential for successful human resources planning and utilization. All, or the vast majority of, inequalities caused by racial and gender imbalances in the South African public service should be minimized by career mapping, particularly at the management levels.

Career planning should be linked to widespread training opportunities where training should be needs-based. In-service training should also be undertaken wherever possible. Training programs should be linked to institution-building and transformation. Furthermore, it is essential that the government attract and thereafter retain qualified staff, and only permit redundant personnel (deadwood) to leave its service. Unfortunately, there has been a brain-drain from all departments in the public service; for instance, 10,000 skilled teachers had left the public service by the beginning of 1997 (see Hilliard 1997c).

Depriving the public service of capable staff may have several negative consequences, for example, reduced productivity and low employee morale. Furthermore, transformation may fail hopelessly if staff turnover is high and if personnel are insufficiently motivated to perform at their peak. Therefore, aspects such as performance appraisal, competitive market-related salary scales, security of tenure, and guaranteed pension benefits should also receive the continuous attention of the authorities (see Hilliard, 1996b: 13).

Although considerable progress has been made since 1994 with the training and development of new incumbents, recouping training and development backlogs has not been an easy task for the new government. Furthermore, no training function can ever be regarded as flawless or fully completed. Training and learning are ongoing, lifelong processes (see Stahl, 1983: 283). Therefore, the need for revising, updating, and improving training techniques will continuously surface, particularly where transformation and restructuring of the public service have been placed high on the political agenda. Obviously with experienced, mostly White, staff leaving the public service in significant numbers and with many new entrants joining the public service, a number of deficiencies (training needs) and/or difficulties have reared their head. (See Hartley, 1997, where it is contended that 59,000 public servants were to have received voluntary severance packages in 1997.) Undoubtedly, if the brain drain is not halted, it may cause irreparable damage to the South African economy.

Not all the undermentioned deficiencies can be attributed to, or be solved solely by, the employer. Some of the difficulties also stem from the deficient background or schooling of prospective applicants/work-seekers. Some of these deficiencies are now highlighted as follows.

Training Needs

Before any form of meaningful training can begin, training needs (sometimes referred to as deficiencies) have to be identified. Some of the possible training needs within the South African public service context could be the following:

- Scholars making a wrong choice of school subjects due to career uncertainty. It is, therefore, the crucial task of all public and private schools to remain in close contact with employers, employers' organizations, and employment agencies so that they are acutely aware of the employment areas (categories) where skills shortages exist (see Cloete, 1990: 112–113).

- Many recent graduates and diplomates lacking work experience and too little exposure to the real world of work. To exacerbate the problem, students who have finished their studies often assume an unteachable attitude. They think that once they have attained their degree or diploma, they know it all. This so-called inflated competence is a sad state of affairs because learning is a lifelong process; it does not end with the attainment of an academic degree.
- Stunted personal development due to a poor educational system and certain adverse environmental factors. Scholars emerging from the traditional Bantu educational system have some serious educational gaps and need extra coaching and development to bring them up to speed. Many of these Black African scholars also come from impoverished backgrounds; this adds to the problem of bringing them up to minimum acceptable standards of education and development.
- Emphasis being placed on the “old order” instead of focusing on the new dispensation. Training under the pre-1994 South African dispensation ostensibly concentrated on administering the state to perpetuate apartheid (see McLennan in Fitzgerald et al., 1995: 110–111). However, since the coming into being of a new constitutional dispensation, the administering of the affairs of state has changed in favor of nonracialism, nonsexism, and employment equity. Thus, together with a change in training techniques to undergird the new constitutional and political dispensation, a “new” mind-set is also needed—a mind-set where there is a swing in emphasis from a racially based to a democratized, integrated public service.
- A chasm between theory and practice. Theory has to be matched to practice wherever possible; therefore, the relationship between the two has to be clearly demonstrated. It is possible that Outcomes Based Education (OBE), which may be introduced in the future, may be able to bridge this gap, although it must be emphasized that what happens in the classroom situation does not necessarily anticipate what would happen in practice.
- Too much emphasis on generalist instead of specialist training. In many public services the tendency is to train persons to become “experts” in specific jobs or certain career fields; this specialization is usually aimed at ensuring professionalism, but it could also lead to excessive technocracy (see Stahl, 1983: 80). Professionalization and specialization are integrally linked; professionalization generally tends to isolate one group of employees from another and could result in professional jealousy as well as occupational “snobbery” or elitism (Hanekom and Thornhill, 1986: 87).

Training Solutions

The solutions to the training problems encountered in the South African public service could be:

- Giving proper vocational guidance to scholars from an early age;
- Grooming and sensitizing personnel to appreciate and handle diversity;
- Putting in place lifelong training programs/schemes;
- Monitoring training on a regular basis and taking corrective action where necessary;
- Developing the whole person;

- Arranging attachments and internships for (prospective) personnel;
- Updating all personnel in the latest technological advances;
- Using learner-controlled techniques to ensure that the learner has learned and the teacher has taught;
- Linking theory to the real world of work (practice); and
- Setting realistic (attainable) objectives for personnel to achieve.

Improving Service Delivery

Careful planning is required to ensure that public service reform leads to cost-effective and efficient service delivery. All public service activities should be aimed at minimizing the use of scarce resources (inputs) and maximizing outputs of goods and services (see Chapter 10 of the *Constitution of the Republic of South Africa*, 1996, Act 108 of 1996).

It is no secret that much wastage occurred under South Africa's apartheid system through the creation of separate authorities to serve the needs of the four racial groups: the Whites, Coloureds (persons of mixed racial origin), Asians (mostly Indians) and Blacks. Needless to say, corruption, maladministration, and mismanagement of funds occurred under the apartheid regime, although, in all fairness, these malpractices have still not been stamped out. Besides striving to eradicate public sector wrongdoing and wastage, it is also noteworthy that one of the major benefits of transformation could be to bring considerable savings to the taxpayer. It may also improve political (public) accountability because the lines of reporting are not so fragmented through various racially based administrations, as was the case in the past. This clearly delineated reporting system may be a deterrent to excessive wrongdoing in the long term.

Because South Africa constantly struggles with a nonpayment culture for essential services, it is not always an easy task to increase the efficiency, effectiveness, and economy of services. The authorities have several options to address the deteriorating financial state of governmental institutions. For instance, they could do the following:

Grade Service Levels

All services provided by governmental institutions could be graded, and then prices could be apportioned to the level/quality of service(s) received by the inhabitants; for example, basic, rudimentary services should be distinguished from "luxury" (nonessential) services.

Address Non-Payment for Services

The head of state should become involved in addressing the misunderstandings and grievances of defaulters because South Africa's governmental institutions cannot be expected to solve problems that have reached national proportions. Accusations leveled at the government concerning favoritism and/

or discrimination pertaining to service tariffs must be cleared up forthwith. If necessary, it must be explained that there are graduated levels of services—some residential areas receive “better” quality services than others. This could then serve as a logical basis for differentiated or graduated tariffs.

Avoid High-Handed Tactics

On the one hand, governmental institutions should not allow themselves to be intimidated by aggressive and/or militant inhabitants who do not want to pay for services. On the other hand, before the law enforcers resort to high-handed, “militaristic” action, all possible avenues of negotiation must be explored to resolve nonpayment issues amicably. If all conciliatory methods have been exhausted, the public services can be disconnected or discontinued.

Address Unemployment

One of the biggest causes of the nonpayment culture for services could be the high unemployment rate in South Africa (a national average of about 37 percent for economically active persons). People simply cannot pay for services if they are unemployed. This is a serious matter and should be addressed at the national governmental level.

Dispel the “Free Lunch” Myth

If inhabitants use public services and do not pay for them, some other citizen has to shoulder an additional financial burden. Therefore, no country can afford to dish out “free” essential services. Every citizen has to assist in developing South Africa’s towns and cities into thriving metropolises; but this will not be accomplished without money. The hand-out approach should be replaced with a helping hand up. People must learn to help themselves instead of developing a dependency culture.

Recondition the Mind-Set Toward Service Delivery

If the spirit of nation-building is not inculcated in all inhabitants, the delivery of essential public services could become highly erratic or even grind to a halt. The good work achieved up until now under a democratic dispensation could then be ruined because inhabitants have become unwilling to pull together to ease the financial plight of governmental institutions. This must not be allowed to happen. All South Africans should have the welfare of the whole nation at heart, and not just think of their own selfish interests (see Hilliard, 1997b).

Assigning Managerial Responsibility for Results

Those charged with the responsibility of directing subordinates usually have a significant influence on the way their subordinates perform their work. This influence hinges largely on the managerial style that the manager or leader adopts. Therefore the changing role of the public manager will first be reex-

amined and redefined, and then the various types of managerial/ leadership styles will be treated.

Public managers must constantly guard against complacency with the status quo; even the traditional role of public manager as pen-pusher is gradually waning. A new paradigm for the public manager is emerging: the public manager must become "revolutionary" in his or her approach to quality and customer care, and must handle subordinates in such a way that an atmosphere conducive to learning, change, and innovation is created. Indeed, public managers must strive for excellence in all spheres of their work (Cohen and Brand, 1993: 54–55).

This attitude toward attaining excellence will inevitably filter down to subordinates and should have a beneficial impact on all subordinates, right down to the lowest levels in the hierarchy. Thus, in the South African public service context, there must be a radical shift away from a racially driven, divisively administered public service to a delivery-oriented, client-centered (focused) public service where the general welfare of the entire population at the grassroots level is extolled, and discriminatory, even elitist administration, as practiced under the former dispensation, is condemned in no uncertain terms (McLennan in Fitzgerald et al., 1995: 100).

In the past, the role of public manager was rather restricted. For instance, it was said that management is an executive function, management is intra-organizational, managerial control is hierarchical, and the broad principles of management apply across-the-board to all organizations/institutions. These aforementioned aspects imposed severe restrictions on the scope of management. They limited the role of the public manager to the programmed implementation of predetermined policies (Metcalf and Richards, 1992: 17). Nowadays, it is contended that the functions of public managers extend beyond these limited tasks. Public managers are not only implementers of public policy but may in a certain sense also be formulators of policy. Therefore, the public manager's role is constantly changing and being placed under scrutiny.

It is also said that contemporary public managers should be able to fulfill four vastly different roles: innovator, integrator, administrator, and producer. Therefore, persons with vision and the ability to cope with rapid change, especially in the constantly shifting South African public service environment, should be sought (Metcalf and Richards, 1992: 39). Clearly, lasting improvements to the effectiveness, efficiency, and economy of public institutions is inextricably bound up with better (public) management (Metcalf and Richards, 1992: 35).

The traditionally defined role of the public administrator may be disappearing; the public manager is now expected to fulfill a multiplicity of roles, some for which he or she may be ill-prepared. In addition, the prevailing organizational culture and climate could have a profound influence on the way public managers perform their roles. All employees are, in some way, affected by the organizational culture and climate. If the organizational culture is still tradition-bound,

then change will be difficult, but if the culture and climate are amenable to change, then the public manager will be able to function more effectively and will be able to make changes that will be in line with a changing public service environment.

Culture-bound organizations cannot adjust easily to structural changes (Metcalf and Richards, 1992: 52) because cultural beliefs are deeply ingrained in these organizations/institutions; this makes change difficult. Furthermore, an organization's structure could hinder or help an organization/institution to change. The structure and organizational culture also intimately influence total quality management (TQM). Therefore, inflexible organizational structures and standardized (set or routine) procedures should constantly be reviewed, and if necessary revised or updated, by organization development specialists (Cohen and Brand, 1993: 70).

It is also essential that public managers do not become bogged down by empty ritual and old, die-hard habits (see Metcalfe and Richards, 1993: 54–55). There must, therefore, be a move in the public service to make the organizational culture and climate conducive to change and to allow public managers sufficient leeway to initiate change; that is, the prevailing organizational culture and climate must be supportive of change. However, where change is indeed initiated, there may be low morale and mistrust between subordinates and leaders (Garnett, 1992: 222). Furthermore, senior public servants sometimes perceive public management as dull, routine, and uncreative. Therefore, improving the perceptions of or about public management requires public managers to move away from a restricted, boring idea of public management. Consequently, the concept of "management" needs expansion (Metcalf and Richards, 1993: 216). Public management requires fresh thinking rather than continued dependence on established practice.

According to Metcalfe and Richards (1993: 217 ff.), good public managers must develop in the following areas: (1) they must keep abreast of information technology (IT); (2) they must know how to decentralize; (3) they must exercise proper, effective line management; (4) they must acknowledge the need to spend money in the short term to save in the long term; (5) they must see the need for good intergovernmental relations and get things done through other organizations/institutions; (6) they should see the necessity for accountability, which must become part and parcel of the public management process; and (7) they should concede that human resources must be developed and trained to cope with modernization. These are some of the challenges facing the public manager as change agent. Therefore, he or she should be adequately equipped to meet all or most of these challenges.

The public manager's attitude toward his or her subordinates is vital to the way in which subordinates will perform their work and the manner in which they will respond to public needs. If at any stage the public manager appears dictatorial, it could have a direct impact on the work performance and attitudes expected from subordinates (Hilliard, 1995: 41). This is one reason why public

managers should try to win the confidence of their subordinates by involving them in institutional problem solving and decision making because employees have an inherent need to become part and parcel of the broad institutional setup.

This participatory approach also helps in developing human resource potential and gives the employees the opportunity to hone as well as “prove” their skills and abilities. However, if employees become marginalized in decision making, they may feel “used” and dehumanized. Therefore, the managerial styles within public institutions have to be constantly reevaluated, and, if necessary, revised to adapt to a changing institutional ethos and climate.

According to Botes (1994: 23), basically three types of managerial styles can be discerned in any public institution: (1) the autocratic manager who is generally intolerant and rigid and requires unquestioning obedience and/or compliance from subordinates; (2) the democratic manager who encourages subordinates to participate in the planning and decision-making processes; and (3) the laissez-faire manager who does not interfere much in the work of subordinates—employees are largely left to their own devices, and the institution or organization is run rather informally, usually without rigid rules and procedures. Of the three managerial styles just outlined, it would thus seem that the democratic leader would gain the most confidence and acceptance from subordinates because he or she will consult widely with subordinates. This leadership style also largely corresponds with participatory management (Hilliard, 1995: 51).

It is therefore desirable for public managers to constantly check their attitudes as well as their approaches to their subordinates so that they are sure that the rapport with their subordinates is good and that the subordinates are working for and not against them.

Demand Accountability from Public Servants for Actions

Accountable government is one of the “Founding Provisions” of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), section 1(d). Therefore, citizens should demand accountability from public functionaries at all levels of government (see Cloete, 1996: 23). Indeed, every member of the public has a role to play in exacting accountability. But accountability is not merely a matter of exercising control; it is also a matter of rendering account and internal and external surveillance by various stakeholders who act as watchdogs over the affairs of state (see Cloete, 1996: 24; see also below).

Where a public functionary is permitted to brush aside or ignore the criticism of the citizens and the functionary persists in acting as an independent spirit without any sense of answerability to anyone or any institution, the citizens should act swiftly to bring such functionaries back on track, or otherwise demand their dismissal or resignation. This applies to all public functionaries. No functionary is a law unto him- or herself. Therefore, the citizen plays an invaluable role in ensuring that public functionaries do not act beyond their mandate

and that such functionaries always serve the public interest. One area where accountability could be tested is in a general election. In 1999 South Africa determined, through the polls, which candidates had lived up to the expectations of the electorate and which political officeholders had fallen into disfavor since 1994 and were therefore ousted.

Public functionaries should always be held accountable for work done or left undone or for their actions or inactions. The fact that public functionaries are sometimes permitted to evade accountability is a cause for concern. Accountability should be viewed from two angles, viz. *internal* accountability where subordinates are answerable to a superior; and *external* accountability where each public functionary is accountable to the electorate (voters) (see Cloete, 1996: 24). Once these two control mechanisms are formally established, high ethical standards of behavior can be demanded from all public functionaries even if such standards are not always attained.

Because superlative service delivery is part and parcel of promoting the general welfare of the population, public accountability becomes indispensable to good governance. To enhance accountability and citizen awareness, extensive public participation programs are needed, which will draw all important stakeholders into the planning stages of service provision. Furthermore, to enforce accountability, regular reporting, auditing, and inspections are necessary to keep public functionaries answerable to the voters. Proper accountability should also minimize the wasting of public monies.

The principle of public accountability is enforced worldwide. Those appointed and elected to office are therefore answerable to the voters for everything done or left undone in the name of the general weal of the country. Accountability can take the form of individual responsibility, or accountability can be assumed collectively, for example, by the cabinet. Without accountability, public servants could pursue their own agendas and ignore the general welfare of the population.

Professionalism, Transparency, and Ethics

Three of the aspects that could either impede or facilitate reform and that could influence public service delivery are now dealt with below.

Professionalism

One of the more pressing concerns of South Africans is slow service delivery. To make efficient, effective, and economical service delivery a reality, there has to be a shift in emphasis from mediocrity, or a “good enough” attitude, to service excellence. Therefore, administering programs and projects aimed at promoting the general welfare of the population should on an ever-increasing scale become professional undertakings. Indeed, by running such programs professionally, South Africa will be placed on a par with its international competitors. It is, therefore, incumbent on the government not only to encourage, but also to insist

on, a high degree of professional proficiency at all spheres (levels or tiers) of government (see Hilliard and Binza, 1997a).

The speedy delivery of services requires persons with impeccable integrity and with the necessary moral fiber to focus their talents and energy on delivering quality goods and services at minimal cost. Professionalism also plays an important role in promoting professional conduct and fostering high ethical norms and standards. A sense of moral rectitude must be inculcated in all public functionaries to prevent wrongdoing before it occurs. Public functionaries should, therefore, live exemplary lifestyles that befit their profession. This, in essence, epitomizes the principle of leading by example, or “walking the talk,” so to speak.

As noted elsewhere in this chapter, one reason for the slow delivery of goods and services in South Africa may be the current shortage of expertise due to thousands of public servants opting for voluntary severance packages. One remedy for the skills scarcity could be to reorient and retrain the so-called old guard through accelerated training programs. To undergird the retraining and reorientation functions, South Africa should consider establishing a range of professional schools and institutes for aspiring public managers with the express purpose of producing bureaucratic experts (see Hilliard and Binza, 1997a).

The professionally trained manager will have to learn to manage problems such as conflict, communication breakdowns, and a host of other organizational dysfunctions. Professionalism should help facilitate concise, accurate, and fast communication among public functionaries, and also between relevant role-players and stakeholders. Ultimately, good communication should have as its goal economic growth, job creation, political stability, and the additional spin-off of a copious supply of quality goods and services at affordable prices (see Hilliard and Binza, 1997a).

Openness and Transparency

Openness and transparency usually go hand in hand. It is said that, in a certain sense, South Africa may be experiencing its own *glasnost* (the Russian word for publicity or openness). The prospects for an open, democratic society could be rosy in the “new” South Africa. Such hopes are underpinned by the “Founding Provisions” of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996), section 195(g), which stipulates that South Africa’s public administration has to be “transparent” and section 1(c), which entrenches “openness.” It is normally found that openness and transparency are admirable ideals to aim for but inordinately difficult to uphold. This is so because no government or public institution likes to be placed constantly under the magnifying glass.

Because South Africa utilizes the elite–mass model of policy making, politicians are normally inhibited from always sharing information with their constituencies, for both practical and politically expedient reasons. This particular policy model dictates that a handful of persons formulate policies for the majority. To keep up a semblance of citizen participation, the policy makers ex-

tensively democratize the policy process. Ultimately, however, grassroots participation sometimes has more of a nuisance value than anything else. Nonetheless, bearing in mind that many South Africans are unsophisticated in their understanding of political and governmental matters, information-wise openness and transparency could mean much to them.

In the end, however, it would appear that only a select few are allowed into the inner sanctum of the policy chambers. Thus, despite the sincere desire of ordinary citizens to get involved in policy making, involvement is usually impractical; the elite normally have to decide what is best for the masses, with or without widespread democratization and proper consultation. Openness and transparency may, therefore, become as extinct as the proverbial dodo (see Hilliard and Binza, 1997b). These two ideals will not endure the test of time because they

- Show up the flaws and weaknesses of the government.
- Unduly prolong the decision- and policy-making processes.
- Delay progress in the implementation of government programs.
- Undermine the authority and legitimacy of the government.
- Challenge the decisions and policies of government.
- Retard the translation of policies into action.
- Prove irritating, cumbersome and unnerving to those who are not keen to be open and transparent about matters (see Hilliard and Binza, 1997b).

Some of the *causes* of a lack, or even an absence, of openness and transparency are:

- Formation of cabals and cliques.
- Covert and/or sinister activities veiled in secrecy, mystery, and intrigue.
- Hidden, double, and private agendas.
- Absence of protocol and proper procedures.
- Hypocrisy and sanctimoniousness.
- Double standards/moral ambiguity.
- Collusion and connivance.
- Vested interests, egoism, and empire-building.
- Vilification of opponents and critics (see Hilliard and Binza, 1997b).

Some of the possible *cures* for a lack of openness and transparency are:

- Regular public mass meetings.
- Adequate dissemination of information through the printed and electronic media.
- Educating the public about interest articulation and aggregation.

- Allocating sufficient time, on a nonpartisan basis, for mass media coverage of political issues.
- Initiating adult-learning programs to improve the knowledge of the uninitiated, and to bring them on a par with the politically sophisticated section of society.
- Constantly communicating with the public on issues such as democracy and policy making.
- Involving all stakeholders, but also the ordinary citizen, in the policy formulation and promulgation stages (see Hilliard and Binza, 1997b).

Undoubtedly, openness and transparency could eventually become worn-out clichés in the “new” South Africa and might extend participatory democracy only to the elite few instead of dishing out a liberal sprinkling thereof to all citizens. To avoid any of the aforementioned negative consequences, these two principles should not be allowed to wane because then South Africa could face similar problems to what it experienced under the apartheid dispensation, for example, secrecy and covertness.

The quest for openness and transparency should be pursued and thereafter sustained in the South African public service because openness and transparency ensure, to a large extent, that corruption and ineptitude are exposed and that the latter pathologies can be dealt with as quickly as possible.

Ethics

Training in ethics, morality, and norms and values in the South African public service is essential if the governmental sector is to function effectively and efficiently. There is also the need to find a set of global (universal) ethics for the South African public service—and not a set of parochial ethics that is applicable to Africa only (see Hilliard, 1996a; see also Hilliard, 1992). For many professions, a code of ethics or a code of conduct already exists, for example doctors, lawyers, accountants, and nurses, to mention just a few. Public servants are also as a rule subject to a code of conduct or a public service staff code. These codes of conduct are of necessity updated from time to time. However, such codes of conduct cannot be compiled and updated in isolation from universal trends. If the public service desires to become highly professional, public servants will increasingly be required to adhere to professional codes of conduct.

The public sector is often clothed with all manner of negative characteristics; these negative attributes usually stick in the minds of the population. To overcome this negative image, public servants should be seen to be competent (i.e., they should be professionals) at their jobs. This high degree of professionalism could help reduce the stigma attached to the public service as well as its public servants. However, training in ethics, morality, and norms and values poses particular difficulties within the South African context. Some of the problems relating to the adoption of a new set of values and norms for the “new” South Africa are as follows:

- A lack of core values and norms due to an apparent blanket rejection of so-called apartheid ethics and norms, even if some of these values and norms are valid for both the old and new dispensations.
- The effect of secularism on post-apartheid South African society, despite the fact that approximately 70 percent of the South African population professes to be Christian.
- The moral and ethical ambiguities (dilemmas) found in Africa—the difficulty of defining right and wrong behavior.
- The problem of rooting out “endemic” corruption in Africa.
- The degeneration of societal morals to such an extent that “anything goes as long as you are not caught out.”
- Seared consciences because no yardsticks exist for right and wrong behavior (see Hilliard, 1996a).

South Africa’s Public Service Code of Conduct

In 1997 a new code of conduct was promulgated for South African public servants in terms of Government Notice R.825. Although this code of conduct appears to be similar to previous codes of conduct, and even bears certain resemblances to universal codes of conduct, its release under the new democratic dispensation is indeed a step in the right direction to ensuring a “corruption-free” public service.

The public generally expects public servants to perform their duties honestly, openly, and transparently. However, when public servants start to regard a public office as being lucrative, then the public has every right to be aggrieved.

It is indeed then laudable that codes of conduct exist to keep public servants on the straight and narrow, thereby hopefully deterring them from succumbing to temptation and unlawfully enriching themselves and members of their families. One must nonetheless bear in mind that a code of conduct merely serves as a guideline to direct the behavior of public functionaries and cannot guarantee impeccable behavior. In fact, a code of conduct is only one of many ways of ensuring that public servants stick to the sort of behavior expected from a person placed in a position of trust (see Hilliard, 1997a).

Some of the other methods of ensuring the proper conduct of public servants are the following:

- Prescribing, adopting, and enforcing correct channels of communication and procedures, thus thwarting officials from circumventing and/or undermining the system.
- Prohibiting family members/relatives from working in the same department or even the same institution, thereby preventing collusion.
- Paying reasonable levels of remuneration to public servants to reduce the risk of their committing theft, although it should be stressed that dishonesty occurs across the socioeconomic spectrum.
- Applying strict sanctions or penalties against those who flagrantly disregard codes of conduct.

- Introducing disciplinary steps to ensure that public functionaries are punished for wrongdoing, thereby serving as examples to others contemplating similar deeds.
- Conducting regular inspections and utilizing proper reporting systems to ensure that misdeeds are not overlooked due to insufficient or inadequate control measures being in place.
- Making provision for extensive internal auditing, that is, using *a priori* auditing to prevent fraud before or while it is occurring.
- Dismissing habitual offenders so that the public service does not harbor undesirables in its ranks who may repeat the same misdeeds time and again (see Hilliard, 1997a).

Ethical codes of behavior have been in existence for thousands of years, for example, the Ten Commandments and the Babylonian Code of Hammurabi. On paper, codes of conduct look good, but in practice they may be idealistic and difficult to implement. Therefore, codes of conduct must have built-in mechanisms that make their principles mandatory; otherwise they are of little value (see Hilliard, 1997a).

A further harsh reality is that it is not easy to eradicate corruption and other illegalities in their entirety from the public service because of the weaknesses of humankind. At best, the incidence may be minimized by instituting appropriate control measures and by meting out punishment appropriate to those who have overstepped the mark.

Unquestionably, the South African public service must strive to eradicate corruption, bribery, graft, venality, nepotism, and the like from its ranks because these unethical practices not only taint the image of the public service, but are also a disservice to the public. Wrongdoing that harms the general good of the nation should not be tolerated in a democratic state. Therefore, all financial irregularities and every occurrence of unethical behavior should be exposed as swiftly and as efficiently as possible in order to root them out and to bring the culprit(s) to justice. Unduly delaying matters could become costly. Indeed, codes of conduct must not become worthless pieces of paper, but must be taken seriously by all those who are subject to them. If not, South Africa may not succeed in achieving and sustaining a “clean,” administrative machinery.

CONCLUSION

The transformation and reformation of the South African public service has to be tackled in a holistic fashion, with competent and well-qualified human resources spearheading the process. South Africa’s human resources must be managed in such a way that the public service becomes a model of excellence whose mission is the employment of a diverse, competent work force capable of, and committed to, delivering high-quality services to South African inhabitants with the maximum degree of efficiency at the least cost.

This chapter has addressed some of the ways in which human resources can be harnessed to ensure that South Africa’s public service achieves its main

mission, namely, to promote the general welfare of the entire population regardless of race, religion, ethnicity, gender, or any other irrelevant factor. Undoubtedly, human resources are an integral part of any public service reform program, for without roping the staff into the reform efforts, public service reform would be a dismal failure.

NOTE

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Chapter 12

Civil Service Reform in a Developing Country: A Critique of the Management and Administration of the Zimbabwe Reform Program

Hope Sadza

INTRODUCTION

Reform processes or the notion of reform presupposes a malfunctioning of a system of public administration which, if changed, would present a turnaround for progress toward development. This statement begs an answer to the question of what kind of development. The notion of development varies from country to country, from region to region, and from continent to continent. It is relative to the economic stage a country is in—is it still pastoral or traditional, which means following a simple growth pattern of economic mores; or is it in the stage of transition? Rostow (1982) defines development in an economic sense in five stages: traditional, transitional, economic progress with growth, maturity, and high mass consumption. Development is relevant to overall socioeconomic growth as described and perceived by the inhabitants of a nation.

Civil service reform can be defined as a specific act or an adjustment or improvement in structure, process, and practice of an administrative system of government. It includes various modes, from reduction of inputs with a consequent increase of output–productivity, to efficient and effective ways and methods of tackling government jobs.

This chapter attempts to give an overview of the rationale, process, implementation, and impact of civil service reform in Zimbabwe. It describes influences that provided the impetus for reform and the problems encountered during the process. It attempts to critique the modus operandi and management of the reform as well as the pitfalls encountered in the process. Toward that end, it is pertinent to give a historical account of the role of the public service of independent Zimbabwe, the rapid growth of the service together with the attendant

reduction of the financial resources to satisfy the development aspirations of the new nation.

ROLE OF THE PUBLIC SERVICE COMMISSION

The Constitution of Zimbabwe, as amended in 1985, creates the Public Service Commission (PSC) and states that “there shall be a Public Service Commission for the administration of the country” (page 50). It goes on to state the functions of the PSC, which *inter alia* are to regulate and control the general organization of the public service; appoint persons; exercise disciplinary powers; and make regulations to guide its work—in other words, to carry out personnel functions which in essence ensure the general well-being, good administration, and maintenance of the administration in a high state of efficiency (Government of Zimbabwe, 1985b, Section 75: 57). The role of the PSC is therefore prescribed in the highest authority of the country, the Constitution. It derives its powers and functions directly from the president, the head of government who appoints members of the PSC.

The civil service or public administration designates the art and mode of managing government and public affairs. It is an art insofar as it relates to practical experience in the management of human and material resources for the benefit of society. A specific duty underpins the functions stated above, which is that the striving for efficiency is subsumed under the duty “to ensure the general well-being and good administration of the Public Service.” This assumes that any function or service the PSC performs must be provided only in terms of increasing the outputs and reducing inputs or, alternatively, carried out with quality of service and timeliness of effort as a prerequisite. If an administration or a public service finds itself not producing goods and services in a timely way or effectively, it means there is a gap or a reduction in targets or outputs. This gap must be filled either through a well-defined system or process or through a revolutionary change of system—that is, through a reform that overhauls the whole system. The process is termed a reform program.

A political change in the environment that is of a social or economic nature heralds a move toward reform. The 1980 independence government of Zimbabwe removed the white government and recorded a mass exodus of white experienced civil servants to the private sector. The takeover of government by an essentially black core and change of the public service meant a fresh look at the essentially white civil service as given, and a questioning of its adequacy for socioeconomic development. This was the policy of the new black government. Zimbabwe as a nation that recognizes the centrality of a national government in development decreed a central role in spearheading and reforming the state machinery as a national goal. The PSC was called upon to take a leading role and coordinate the reform process, especially in terms of growth in civil servant numbers, an expansion of services and goods delivered, as well as an increase in budgetary allocations for developmental efforts. This new role

steered it away from the normal routine of maintenance of law and order as a specific role to one of providing services to all inhabitants of the nation. The new duties meant that the PSC would be cognizant of the critical performance functions allocated to it by achieving optimal efficiency and effectiveness, mindful of those objectives, including the economic performance of government.

The sine qua non of the new independent government was development—specifically rural development which would be first and foremost participatory, propelled by a national administrative machinery. “Government has to be at the forefront of development,” declared Robert Mugabe, prime minister of Zimbabwe from 1980 to 1987. “[T]he war of liberation was fought in order to avail the rural people of Zimbabwe socio-economic mores previously enjoyed by the white race of Zimbabwe.” He went on to document the areas for this development and stated that development would move away from the law-and-order, tax-collecting thrust of the old white regime toward one that would provide goods and services to all people, regardless of race, color or creed (Government of Zimbabwe, 1982–1985, Vol. I: 3).

These were noble ideas engulfed in policy plans that began to falter four years down the political independence road. What went wrong? The disquiet came from the receivers of services and the civil servants themselves as they recognized a gap between intent and action for development for all, and the actual delivery of services for client satisfaction. It is hypothesized that the lack of capacity to deliver the goods, the absence of infrastructure, and the lack of the wherewithal to effect those intentions contributed to the nonprovision of goods and services, necessitating a quick response and therefore a need for reform.

Robert Mugabe, who would become the president of the Republic in 1987, put in place a coordination unit in his office specifically to bring together and coordinate similar development functions with similar objectives. This action came with the realization that the targets of development efforts were askew. For example, some provinces recorded all time records of education rates in terms of opening up of schools, clinics which in themselves are outcomes of development. Not all areas achieved success, with other areas lagging behind in these development efforts—hence the need for a coordinative arm.

THE ECONOMIC STRUCTURAL ADJUSTMENT PROGRAM (ESAP), 1991–1995

In groping for solutions and change after the first signs of a reduction in the gross domestic product (GDP), the government’s response was to look at the resources allocated to the public service. GDP during ESAP (2.7 percent per year) lagged behind population growth (2.8 percent). The central government’s fiscal deficit during most of the 1980s was in excess of 10 percent of GDP, causing the debt to soar to 71 percent of GDP by 1989. In the year 1989, 41

percent of civil service recurrent expenditures was going to salaries and allowances (Government of Zimbabwe, 1991–1995: 2).

The main objective of ESAP was to improve living conditions for the poorest in society by redirecting financial resources from nonproductive government services to the private sector, thereby reducing the deficit.

The characteristics of the civil service that needed reform involved the management cadre, which was not trained and inexperienced, and its secretiveness, inaccessibility, use of complicated rules and regulations, and overlaps and duplication of functions (Government of Zimbabwe, 1989: 21). The plan had to concentrate on policy formulation and then improve resources management; it also had to introduce performance management systems, which would help to streamline functions, leading to a reduction in staff and an improvement in the salaries of the remaining competent staff. Overall, the objectives would increase efficiency and at the same time reduce the size of the service, ultimately creating a small, responsive, transparent, modern, and development-oriented civil service. The measures designed would improve efficiency relating to personnel matters, management issues, review of functions and structures, and training programs.

These characteristics form the crux of the critique of the Zimbabwe civil service reform in the remainder of the chapter. The government felt that the salary and wages bill was too high and needed to be cut. The public service saw an increase in the number of public officials from slightly over 10,000 officials to 80,000 over a seven-year period (1980–1989), with a concomitant increase in the wage bill. GDP went down to 2.6 in 1986 and to a negative figure of 1.5 in 1987 and 5.8 in 1988, from a high of 8 percent in 1985 (Government of Zimbabwe, 1991–1995: 29). It therefore advocated a leveling off or a reduction of the number of public servants in order to reduce the budget deficit of 10 percent in 1985 and 9.6 percent in 1988. The deficit was caused by a slowdown in the economy and the adverse effects of the 1983 drought. Politically, the government found the program difficult to implement when it decided to cut the size of the service, taking into consideration that the increase in the population had caused an increase in the demand for goods and services. An uneasy situation developed when reducing the numbers might impact the very core of the government's development plan. This issue emerged at the same time that the population was recording an annual growth rate of 3 percent (Government of Zimbabwe, 1986–1990: 3).

What led to the inflated civil service (i.e., the surplus employment)? The reason can be attributed largely to the PSC becoming the employer of last resort, well beyond the country's need for, or financial capacity to sustain, a structure of large proportions. The consequence was an increase in governmental expenditure in terms of salaries and wages. "The civil service had become too big to administer, too unwieldy; co-ordination became difficult, as it became unresponsive to people's demands" (Government of Zimbabwe, 1989: 13–16).

At the same time that the PSC was experiencing this unmanageable growth, the economy was shrinking to a growth rate of 4.2 in 1990, leading to the

institutionalization of the Economic Structural Adjustment Program in 1991. This slow growth was exacerbated by the deepening cycles of low investment, a growing budget deficit, and economic stagnation. It was against this backdrop that the government launched the Economic Structural Adjustment Program in 1990, principally to generate a higher rate of economic growth and to raise the living standards of the people of Zimbabwe. The civil service component included a plan to effect a reduction of 23,000 posts, which would reduce the wage bill from 17 percent of GDP in 1990–1991 to 13 percent in 1994–1995 (Government of Zimbabwe, 1996–2000: 3).

The civil service and its ancillary organs are crucial to accelerated economic development because of their catalytic effect and because they create the right atmosphere conducive to socioeconomic growth. For instance, it ensures that, socially, gaps in accessibility to education and, economically, policies in industrial growth are provided to satisfy socioeconomic needs. Once these areas recorded negative results in Zimbabwe, there were clamors for economic reforms that would provide the wherewithal to bolster the coffers for running the civil service efficiently. In conjunction with economic stagnation, low managerial capacity was one of the major constraints contributing to this slack in growth.

Different development imperatives require different civil service procedures for reform. As our discussion has shown, the Zimbabwe reform was driven by macroeconomic concerns and was fueled by the growth of the civil service. The need for reform was also sparked by the reduced GDP over a five-year period (1983–1988) which brought the realization that the greater economic cake that would be parceled out to new recipients of government services was shrinking, at the very time that the number of people seeking to access to services like education and health was increasing. The number of public servants who joined the service grew over the six-year period 1980–1986: from 10,570 in 1981 to 31,180 in 1984 to 184,000 in 1995 (Commonwealth Secretariat, 1995: 21).

After independence, the number of schools increased at both the secondary and tertiary levels, the number of health institutions went up, and agricultural production by rural peasants expanded. In terms of economic performance, traditional economic indicators recorded a reduction in GDP, due mainly to droughts. Since agriculture is the mainstay of economic performance, any weather pattern that produces drought will reduce the agricultural yield, resulting in negative economic performance. The resulting negative economic growth in GDP forces an introduction of a structural reform program.

THE BARE BONES FOR REFORM

In describing civil service reform, Mutahaba cites administrative changes in the structures, procedures, and processes of civil service practices as crucial in effecting solutions. At the outset, an agreement on the reasons for reform naturally leads to the question: “What kind of reform?” Civil service reform denotes a process for change in a public administration that will improve the civil service

machinery as one that embraces new social or economic development needs, as articulated by the nation's inhabitants (Mutahaba, 1989: 25). Is reform of a structural nature, where the organizational structures themselves need to be "reformed" to enhance or promote development? Again as proposed elsewhere, the question that remains among those desiring change is the inadequacy of the structure for desired outputs or services.

In Third World countries, the demand for using civil service structures for development is common. In the colonial period, Rhodesia (renamed Zimbabwe in 1980) had utilized the government structure to effectively control the indigenous population. Government regulations helped maintain law and order and decide on separate and unequal economic perquisites, which were provided along racial groups. The system for overturning this system can also be termed a reform program. The change had to come through a revolution that would remove a system with a (politically elected) prime minister running the government through a politically chosen civil service, whose head was chosen more for political than for administrative aptitude. It is at this level, which is the apex of civil service, that policy is made, authority is repositied, and control of the machinery is exercised. If a nation has chosen the path of economic development, the pace of that development is determined at the level of the chief executive, permanent secretary, or principal of the department/agency or ministry.

Although the new African government decreed that development would be its major policy, it also realized the importance of the administrative machinery for conceptualization and refinement of the policy, as well as for its implementation and formulation of strategies for service delivery. The only cohesive institution that remained after Zimbabwe gained independence in 1980 was the public service, which was made up of senior white officials and low-level Africans in nonpolicy positions or grades. This led the president to issue a Presidential Directive (PD) in 1983 that would permit blacks to advance into senior policy-making positions regardless of experience. Equity reasons would also allow the previously denied blacks opportunities to implement the government's development policy for everyone. The ensuing rapid promotion of blacks who lacked expertise and experience into decision-making positions vacated by whites compromised efficiency in some areas. This may be posited as another reason for the gaps in effectiveness and efficiency, forcing reforms in the mode of operation of the administration.

This scenario demanded a reform of the structure with a department, or ministry, for coordinating its efforts if reform for development was to take place. The first black government decided on reform of the structure. In order for coordination to effectively take place, the Public Service Commission, as an arm of government created in the Constitution to oversee the administration of government, was given responsibility for overseeing the reform program.

It's a moot point whether reform as described in this chapter started once independence was gained, or whether the adverse economic conditions and the slowdown in economic growth, where a 5 percent growth in GDP was recorded

instead of the 8 percent as planned for in the 1986–1990 Five-Year Development Plan, kick-started the reform. It is hypothesized here that the Public Service Review Commission can be identified as a benchmark for alluding to a reform of the Zimbabwe public service. The Zimbabwe Public Service Review Commission (PSRC) (1989) took the usual form of following the laid-down terms of reference to guide its work. The president outlined its terms, which included, *inter alia*, an examination of structures and functions of ministries; personnel systems; and training and grading systems in order to come out with suitable recommendations (Government of Zimbabwe, 1989: 2). These terms of reference subsume an underlying malaise in the administration of Zimbabwe. The PSRC presented far-reaching recommendations to improve the way the public service was run. The findings were that over the seven years (1981–1988) the administration had grown too big and unwieldy, rendering it ineffective and inefficient; was unresponsive to clients' demands; was not transparent in its dealings; and had ceased to be development-oriented, which is the *sine qua non* of any government.

Once basic services such as education and health had been made accessible to the bulk of the black population, a time of diminishing returns occurred in which expectations were partly satisfied, leaving the question of increased productivity unanswered. The time came when the public service failed to produce these services efficiently and effectively, and the call became one of reforming toward better and modern processes.

ZIMBABWE PROGRAM FOR ECONOMIC AND SOCIAL TRANSFORMATION (ZIMPREST)

ZIMPREST, a framework for the second phase (1996–2000), emanated from long-term hopes and aspirations for transparency and for a diversified economy with high growth rates, using modern science and technology. This is again driven by economic needs to address socioeconomic imperatives so that macroeconomic stability is restored, investments are encouraged, and human resources are developed. This will entail economic empowerment, alleviation of poverty, and creation of employment opportunities for large numbers. ZIMPREST's hope is that a better economic growth rate will be realized at 10 percent per annum.

In the second phase, the PSC reform is to enhance the role of government as a facilitator in a restructured administration. This will entail the identification of core functions—shedding noncore activities through several initiatives. Underpinning all of these initiatives is the political commitment at the highest level—the executive and cabinet for ownership and acceptance.

The second reform phase focuses on three components: (1) efficiency and effectiveness, which is a continuation of the first phase; (2) core functions of subcontracting, meaning promotion and awarding of business facilities to indigenous (black) enterprises whenever subcontracts are awarded, with the dual re-

sult of alleviating the debilitating poverty experienced by blacks during the colonial period and eliminating about 16,000 posts from the service by 1999; and (3) commercialization, which seeks to reduce functions and activities that are handled more efficiently by the private sector because of competition. By reducing its stake in the areas identified, the culmination will be reduced costs to government. Through this reform, subsidies fall away, with a consequential reduction of the budget deficit to a target of 5 percent. In the plan period (1996–2000), 12 departments of government are targeted for commercialization. A few examples are the Civil Aviation Department, the Department of Printing and Stationery, and the Central Mechanical and Equipment Department. The government can hand over many services to the private sector, which has the ability and capacity for such functions—for instance, the cleaning of government buildings and offices; catering in schools and hospitals; and handling laundry for hospitals and schools.

What happens to the remaining leaner administration? This reform will produce perquisites and better conditions of service, as well increases in salaries and wages—benefits that on the face of it are likely to increase the budget deficit. The reason is the motivation factor, since civil servants earn less than the private sector. On the contrary, considering that the size of the service will be smaller, the budget deficit should then decrease, and through performance-related pay, only a few will get a yearly award. This reform may create a belief system and work culture that respects efficiency and effectiveness as a guiding norm for the future work of the public service. This new system demands training, a training that was carried out by the senior and middle managers in 1997. It is hoped the training will cascade to lower levels of the service.

Public service reform should move from focusing only on the narrow objectives of reducing the wage bill to restructuring the civil service by eliminating overlaps and duplication of functions in the ministries. This divestiture automatically marries the goals and obligations of social responsibilities of development.

Another strategy of shedding the noncore functions will be through decentralization when primary education and health services are devolved to the newly established rural district councils created to administer local authorities. This will realize salary savings in that most of the low-level education and health provisions can be devolved to a lower level. If done properly, the result will be improved policy formulation and performance management, which should become key features in the civil service. What ought to be in place is a monitoring system to make efficiency self-sustaining, where targets and outcomes become critical and important in contrast to processes or routine matters.

METHODS OF STRUCTURAL REFORM

Reforms in Third World countries are kick-started mostly through recommendations made by a commission of inquiry into the work/structure/organizational

zation or conditions of service of an administrative machinery. In Zimbabwe, the president appointed the Public Service Review Commission (PSRC) in 1987 to review and inquire into the workings of the 1980–1988 civil service. This commission can be identified as a benchmark of the reform program. This was a serious effort to review and make recommendations on the functioning of the civil service. For a reform to be implemented, strategies or action plans have to follow the recommendations of a reform commission.

Balogun and Mutahaba stress a conceptual framework for civil service reform and its effective strategies. The first strategy is the structural-consolidative strategy, based on minimum interference with institutions where absorptive capacity for new modern technologies are considered too costly for a civil service and are therefore not adopted. This strategy has been adopted in developing countries (Balogun and Mutahaba, 1992: 21) but was not adopted in Zimbabwe because the civil service had large numbers of educated, though inexperienced, personnel by the time the reforms were adopted.

The second strategy is the structural-innovative strategy, which is utilized after a period of rapid economic change—marking a transition from a traditional economic system to economic progress. The emphasis becomes one of concentration on results instead of hierarchy and status symbolism. A public service should follow organic models in which the planning of reform processes is a prerequisite and critical component of the program. This stage was arrived at in Zimbabwe in the second phase and, in hindsight, if it had been utilized in the first phase, would have yielded results.

How does a civil service articulate a program or process of reform using a systems approach in which goals are defined and targets are outlined? Procedures utilized in the ministries/departments have to be analyzed, where unproductive ones are dropped and those that are useful are adopted. The roles of an administrative reform unit, in this case the Public Service Commission, have to be delineated so that accountability is repositied in a person/unit/ministry.

Both clients and civil servants have to own the reform program through acceptance of the need for reform and a realization of benefits of reform. A political will and commitment is desirable, starting with cabinet approval, ministerial support, and chief executive power and will to implement policy changes and recommendations. The body politic, the government in power, must be sold on the idea of reform so that the rest of government will accept it. In Zimbabwe it was not difficult to accept the need for reform. Neither should it be difficult for any Third World country, since the fruits of reform will mean reelection of the officials in power.

The professionalization of the public service—meaning a core of public servants with fundamental knowledge and discipline—plays a pivotal role in the achievement of goals for reform. If this cadre lacks the prerequisites of administrative training, then the results can be recognized in reduced outputs or, alternatively, in increased inputs, which result in reduced productivity or lack of reform progress.

The PSRC accepted the civil service capacity and capability as the principal constraint to development. In some cases, recommendations were not accepted, meaning reform would not take place. In other areas, financial resources were in short supply, meaning that although a commission of inquiry carried out the diagnosis, diminishing economic growth and lack of financial resources would militate against reforms. This creates a vicious circle—lack of personnel and finance to institute reforms for increased economic growth.

STRATEGY ADOPTED

Reform itself is a process—it is not an event—which demands political commitment at the highest level, dedication to duty, and adequate resources for that process, leading to ultimate development. The key elements are a closely worked out plan that has a design set by heads of ministries with a mandate to oversee the whole process and with an implementing or coordinating arm situated appropriately in the highest office of the land to monitor progress. This implementing arm should also have evaluative indicators to gauge the success of the process over a time period. Adamolekun summarizes his findings on reform as follows: “civil service reform is a continuous and permanent process requiring an institutional base at the highest level,” and for Zimbabwe this must be in the office of the president and cabinet (Adamolekun, 1993: 14). Once the process is in place, the next hurdle is coordination, which is an endemic problem, since multiple governmental ministries pursue competing and mutually antagonistic objectives. This is clear and recognized in the close categorization, complicated pay structures, and overlapping spheres of influence with attendant stagnation in development.

IMPACT

Reform emphasizes prescriptive roles that arise from the perceived failure of administrative systems in both structures and procedures. Hammergren (1983) posits that there are quasi-technical reforms and quasi-political reforms. In Zimbabwe, both these types are dealt with in the analysis, since nonimplementation was caused by both political and administrative reasons. Failure was not attributable to noncompliance by the public service only. If a policy of change is given, and is not discussed and debated, there is bound to be failure. The central concern should be that policy making at the political level be made, cognizant of an implementable policy. The decision to have part of ESAP implemented by the civil service was not adequately discussed where the decision was made, for instance, about reducing the requisite numbers of posts.

A related issue is that of client attitude and interest. This time the civil servants did not have their views solicited in terms of agreement about leaving the service, the terminal benefits packages, and preparatory time before leaving.

Those who opted to leave the service “voluntarily” were given a golden handshake as an incentive to leave.

The ESAP-related public service reforms were in response to pressures for rationalization of the administration. The reforms focused on improving efficiency and effectiveness with that element of revising the role of government *per se*. What then were the results of the first reform effort? First, no systematic evaluation was done before embarking on the second economic reform program—ZIMPREST—to statistically determine the efficiency quotient, except for the reduction in numbers of the service. One other reason for lack of an objective evaluation was the failure to coordinate the reforms between those led by the PSC and the purely economic reforms led by the Ministry of Finance for reducing the budget deficit. Lack of baseline data and quantification of the impact of the reforms, later done through a survey carried out by a group of independent consultants (ARA-Techtop), documented more attitudinal and behavioral changes of both civil servants and receivers of goods. This baseline data was only on skills available, attitudes toward reform, and impact. Specifically the PSC was able to determine that a program of performance management was introduced to 3 top levels out of a total of 18 levels and in 15 ministries out of a total of 23 ministries. A job evaluation exercise carried out to determine the worth of individual jobs over an 18-month period became the basis for compensation and salary structures. In terms of the changed role, new mission statements to clarify ministerial roles were developed with client charters that would relay to the country at large ministerial roles as well as explain what clients could expect (ARA-Techtop and ISO Swedish Consultants, 1998: 2).

A question that has eluded both policy makers and implementors is one of attitudes and values, with the concomitant result of increasing customer satisfaction. Attitudes that are positive for reform, especially quality, have been little understood in Zimbabwe. This leads to a quest for individual and institutional accountability, where poor performance on a personal level is shunned and good performance is rewarded. Administratively, the flow of accountability has been upward to the top executive—the permanent secretary. Quality denotes a commitment and a culture of providing the best to all within limited resources.

Improving the work of the civil service is crucial where malaise is recognized. In cutting the size and number of civil servants, a requisite improvement index should be recorded to show the ratio of improvement in relation to numbers. Reduction *per se* does not herald efficiency. Rather, it is the new way of doing business with less, for more results, that is the *sine qua non* of reform. Although the numbers were reduced by 23,000 posts, the budget deficit was not reduced appreciably. What should go hand in hand is the reduction in the deficit once the core business is carried out, and the noncore functions should be farmed out to other sectors that are more suited and equipped to provide the services efficiently and effectively.

Some of the problems were identified as lack of management training. Training *per se* in management concepts and processes has produced the opposite.

Rather than strengthening the civil service, officials have moved over to private sector employment where their enhanced skills have been better remunerated and appreciated.

More calls for reducing the number of civil servants were made in the ESAP era because of the increasing shortfalls in the government's recurrent and capital budget. Questions should have been posed to the Bretton Woods institutions which called for a cut of 23,000 civil servants by the end of the program. It is critical to note how that number in particular was arrived at and how the process was determined, as well as how the methods to redeploy the redundant civil servants had been determined without consulting the PSC. Questions that needed to be addressed were those of redefining the functions of a downsized administration.

What then transpired at the end of ESAP? The public service shed the required 23,000 (very lowly paid officials); admittedly the numbers were big, but in terms of the deficit, it was a negligible figure. Before embarking on the second phase of adjustment, ZIMPREST, the PSC itself had not carried out an evaluation of whether the reduced numbers had increased productivity, whether the national economy was improved, or whether the budget deficit was appreciably reduced. Another evaluation variable should have hinged on key issues conceptualized around themes of accessibility, effectiveness, and efficiency. Accessibility is also an indicator for development in that Zimbabwe has large tracts of empty land and space between service points for receivers of goods and services. The evaluation done by ARA-Techtop showed that service delivery as a reform was average and functional meaning was neither good nor bad. Lack of resources frustrated civil servants, and communication was stifled between various levels and was not in any way a two-way process. A results-oriented culture was absent, which would have created a self-sustaining improvement in service delivery (ARA-Techtop and ISO Swedish Consultants, 1998: 60).

The Public Service Commission's design of the first phase was adequately covered in terms of implementability, arising from the experts' knowledge and use of civil servants themselves. Weak institutional capacity became a variable in most of the program, especially in areas like decentralization, commercialization, and privatization. On the government side, the biggest success was the changeover from centrally controlled economic planning models to a full-fledged market economy for Zimbabwe. The preoccupation of the Zimbabwe reform was its linkage to fiscal stabilization as a priority; an efficiency-building program became second in importance. Concerns were mostly about cost containment and retrenchment, that is, only cost savings.

There was a two-year lag between acceptance of PSRC recommendations and implementation, from 1989 to 1991. The delay in designing a reform program arose from the inadequate staffing of the civil service, issues articulated in the PSRC recommendations. There were also delays in the cabinet's ratification of the reform program design. The cabinet finally agreed to a reform program in late 1989; the reform process, strategy, and action plan were implemented se-

riously together with the ESAP program around 1991–1992. The program and its implementation team were first housed in the offices of the president and the cabinet, and later moved to the PSC in earnest in 1993–1994, meaning the commitment stage took long to take route. Redounding problems arose from weak institutional capacity and lack of resources for paying out retrenchment pay packages.

In the future, Zimbabwe is enjoined to consider plans like ZIMPREST in a holistic manner, mindful of adequate consultation between all stakeholders. Administrative reform demands a political commitment, acceptance, and ownership by clients. All these demand a dynamic interaction of politicians, civil society, and economic players in the next millennium. A former minister of finance stated in an article that ZIMPREST “will not succeed because the reasons that made ESAP fail are with us still” (Nkala, 1998: 6).

The reform process of the Zimbabwe public service called for rationalization of the institutional structures—reduction in the number of posts and a concomitant reduction in the number of departments (reduction of duplication), as well as a change in the work organization for work efficiency. As a result, education suffered. Education is an economic activity that is closely tied to economic trends; it is the cornerstone of reform efforts. Education consumes economic goods that dwindle as the economy deteriorates and the reform processes cause a serious shortage in social development areas like educational infrastructure. Localities were asked to chip in with building material, but they were also reeling from the adverse effects of an economic slump. The result was that illiteracy levels increased, crime went up, and the 1980–1990 education accession rates declined.

After reform an efficient civil service needs to fulfill two requirements. First, the civil service must be capable of achieving the targets it was created for, meaning the good administration and well-being of the service. Second, it must meet the long-term changes postulated by the political wing of the government. The PSC must implement its wishes effectively and efficiently, as well as meet the special demands of its clientele.

FOCUSING ON SOLUTIONS

Any government, including Zimbabwe’s, needs to strive for efficiency. Failures are easy to identify because receivers of services expect responsiveness to their demands. Solutions to change should be incremental, and to start with, targets ought to be reasonable and achievable, thereby avoiding disappointment when clients’ expectations are not met.

Human resources that must remain at the core of a reform process must be recognized not only as the architects but also as the beneficiaries of a reform program. They must therefore be acclimatized to support the change. The civil servants must not remain passive but must instead be social change agents through guiding, initiating, and offering innovative ideas for managing the re-

form. What is demanded is a total striving for one goal by all stakeholders. The logical end is a pursuit of goals—a reformed civil service imbued with creativity for developmental efforts.

POLICY MAKING

The Zimbabwe reform program followed Hambergren's model in which he splits the policy formulation of reform among three major participants—the political officials (rulers), the bureaucrats (civil servants), and the reform experts. Political rulers are needed in the wake of an economic disaster, and the experts are usually called in by a Public Service Commission to help in focusing elements of the reform (Hambergren, 1983: 12). Clients should be more proactive than reactive in calling for reform and must have a symbiotic relationship with the reform experts, the Public Service Commission, and bureaucrats in order to plan for the implementation process. In Zimbabwe experts were made up of both international and local Zimbabweans, in light of the capacity and capability of civil servants.

ORGANIZATIONAL ENVIRONMENT FOR REFORM

In 1995 the government committed itself to review the salaries of civil servants with the aim of reducing the gap between pay for civil servants and pay for the private sector. An outside consultancy was mandated to carry out a job evaluation exercise which showed that the pay of civil servants lagged behind that of quasigovernment workers by 84 percent and behind that in the private sector by 172 percent. (Government of Zimbabwe, 1996–2000). The sixty-four thousand dollar question is; Did the 64 percent increase given (to be disbursed over a three-year period) turn the civil servants into a motivated and better performing cadre? A study done by ARA-Tehtop revealed a core that was satisfied but still functioning at the same level (1998). In other words, an increase in money prerequisites does not translate into a performing service.

ADMINISTRATION

An area specifically related to the public service role is human resource development (HRD). HRD is a basic requirement for a nation on a path toward social and economic development, and it is therefore a long-term process for reform and development. The Zimbabwe public service must continue investing in human resources by making large inputs into education. What issues confront the public service in this resolve? The pace of development which recorded an education increase of 15 percent in 1994–1995 (Government of Zimbabwe, 1996–2000: 61) cannot be sustained in the period 1996–2000, given the declining resources available to the government. New programs have to be instituted for new systems of performance, which means that the skills needed for the job

market must be enhanced and a new focus of education policy must be put in place.

One cannot carry out a reform program without unbundling the whole system of civil service administration and questioning the management style employed therein. The management style being proposed is one of moving away from formal and routine processes toward one of worrying about results. This new thrust obviously requires redefinition and clarity of roles of those agencies that form a civil service. These are the PSC and the Finance Ministry which have policy-making roles. In these roles, zeal and commitment to reform through a reformation of giving policy and making clear management mandates to other ministries is required. Quality and effectiveness and timeliness of service delivery then become supreme outcomes. This new thrust demands that all ministries write out mission statements and new client charters in order to chart the new way forward. Together with new mission statements, a requisite new system of public management, as opposed to public administration only, is called for. The nomenclature for describing development activities, especially in the wake of reform, is public management. Public management reflects dissatisfaction with public administration per se and a shift toward businesslike management styles in the search for efficiency and productivity.

The people of Zimbabwe are demanding more public goods and services while at the same time the administrative capacity and financial resources occasioned by a downward trend in economic growth is diminishing. The large population (12 million) is demanding an increase in health, education, and agricultural provision of land (Government of Zimbabwe, 1985a: 3). Corollary to these demands has been the capability of the civil service and its inability to plan in a holistic manner. Coordination has become a major problem, and mechanisms for coordination, involving management processes in human resources functions, have become problematic.

CONCLUDING REMARKS

The implementation of a reform program wherever it has been undertaken is replete with risks. Untrained civil servants may make blunders in their new functions, decisions may be made with inadequate data, and poor and un-schooled civil servants usually resist change.

Perhaps it is too early to gauge whether or not the ESAP reforms were successful. Phase II should not have started in 1996 before Phase I was evaluated. This would have ensured that Phase II pick up only ongoing successful processes and discard the failures. In tackling ZIMPREST and abandoning to some extent some ongoing projects, assumed to be either unsuccessful, or too costly to undertake, a rigorous evaluation was desirable. Terminal evaluation would form the nucleus of what is considered in other nations as reform. In Zimbabwe the civil services' recommendations presented in 1989 referred to a "bloated public service" that had grown too big "overnight" for the provision of goods and

service to the nation. The Report went on to describe the staff's lack of a management culture, and a civil service lacking in transparency, prone to delays, and characterized by overlap and duplication of functions (Commonwealth Secretariat, 1995: 27).

The centrality of an efficient civil service calls for human resource investments through training to increase productivity. Facing up to the challenge for efficiency demands a resolution very much like the liberation war effort—that is, an all-out onslaught on removing the constraints to development and revitalizing the civil service to take up the cudgels and change the pace of provision of goods, through a more aggressive and better resource utilization system.

Previously, the political system did not get the stakeholders around a table to discuss the ESAP program in detail. This involvement should have allowed all stakeholders to “own” the program. ZIMPREST has managed the process through open debate. What remains to be seen is to what extent all stakeholders will own the results. Stamina, as well as cognizance of investment in both time and financial resources, is required to push the reform program. The goals of the political leadership must be supported by civil service structures. Because the polity embraces economic development, the civil service must adopt the same goals and move away from routine jobs and use economic sense to achieve economic goals.

The smaller civil service desired and planned for has not been empirically tested to determine whether or not it has become efficient or effective. The time taken for the downsizing process was too long to be effective as a program.

The civil service in Zimbabwe is important for improving the parceling out of resources, both material and human, and the efficient utilization of the resources for the socioeconomic betterment of all citizens of Zimbabwe. The question in the minds of the ordinary citizen is whether there has been some utility in the reform effort, process, and goals, given the magnitude of the effort in both time and financial resources. What is at stake is the ecological relationship between the political interest and support, with the end result of satisfying the expectations of the large civil society. In Zimbabwe the effectiveness of the provision was minimal—the social masses wanted a change, and the political order needed to get another ruling term through an economic change in order to get back into power. It was a vicious circle.

Praise has been showered on the Zimbabwe public service, especially in the subregion. It has well merited this praise, but caution is advisable. Actually, it can be stated that there were defects in the reform. The ideal must be defined, and practicable, and possible policies must be created so that an efficient civil service is effected. First, a system must be capable of meeting the functional aims and roles without sacrificing the flexibility inherent in any good system. Any new system, process, or change should be studied, and if in midstream, the decision is made for change, this should be acknowledged and undertaken.

Rural development as a thrust was abandoned as uneconomic with a heightened concern for overall administrative reform at the center. Rural development

is predicated on increased participation, which was considered too slow and cumbersome to be included in the debate for economic progress.

The center and the implementor, the PSC, must be given space to cast its eyes on the far-off end result—the vision for reform and thence excellence. Loosening the control aspect and releasing all reins of authority to the point where decisions are made are the best ways forward. The release of policy making to the administrative level where implementation takes place is preferred to central control. All these changes point to a performance management style in which reduction of staff and reduction of cost, though improving performance, can enhance efficiency or alternatively reform the civil service of Zimbabwe.

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Part IV

**Administrative Reform in
Eastern/Southern Europe and Asia**

Chapter 13

Hungarian Local Government Transition from Communism to Capitalist Democracy

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INTRODUCTION

In the fall of 1989, Hungary's Communist government fell (Brown, 1991), and almost overnight 40 years of Communist Party rule disappeared. During the 1980s, opposition within the Communist Party had come to regard Marxist/Leninist ideology as a failed doctrine. With the precipitous decline of Soviet influence in Eastern Europe, the anti-Communist revolutions in Poland and East Germany, and the softening of Hungary's Soviet-style government (e.g., Hungary allowed East Germans to seek asylum in Austria) (Pozsgay, 1991), Hungary could start political life anew. Since Hungary had not absorbed Communism as deeply as Czechoslovakia, Albania, Romania, and Bulgaria, Hungarians were merely reasserting their repressed, but never lost, national identity.

The demise of Communism in Hungary, and indeed in other countries in Eastern Europe, Latin America, and Africa, offers scholars an unprecedented opportunity to study massive social and political change (O'Donnell, Schmitter, and Whitehead, 1986). How will Hungary's local government be restructured? Which elements of centralized control will reformers retain? What range of governmental reforms are reformers considering? Why are some reforms undertaken while others are not? What are the prospects of success for fledgling democracies?

I was able to answer these questions while a Fulbright Scholar in Budapest at the School of Public Administration in 1992 and at the University of Economic Sciences in 1994, as well as on many visits sponsored by the United States Information Agency. The visits were funded under President George Bush's Initiative on Eastern Europe and the Freedom Support Act. In Hungary, I interviewed officials in national government, policy analysts in Hungarian

think-tanks and universities, and U.S. and other foreign service officers. Debrecen was selected as a case study of a city in transition. Not only did I interview Debrecen public officials about the transition, but they allowed me to participate in many of their reform initiatives and projects.

This chapter begins with a background analysis of the fall of Hungarian Communism, followed by an overview of the situation in Debrecen. Next, with Debrecen as a case study, the problems confronting reformers are cataloged and analyzed. Solutions and responses to problems of transition implemented or under consideration are then discussed. In a final section, prospects for success of the government reform are considered.

BREAK WITH COMMUNISM

In March and April 1990, Hungary held free elections for the first time in 45 years (Tokes, 1990). Ninety percent of the Communist-dominated legislature was removed, and the newly elected parliament began to move toward capitalist democracy and away from a state-controlled economy. In less than one year, Communist Party membership fell from 740,000 to 80,000 people (“The Curtain Falls,” 1990). Fear played a key role in this reduction in membership.

The process of democratization, at least from hindsight, had begun much earlier (Tokes, 1990; Hankiss, 1990; Gati, 1989). The 1956 Revolt signaled Hungarian intolerance of Soviet domination. Janos Kadar, chairman of the Hungarian Socialist Workers’ Party, after brutal executions in the crackdown of dissidents in 1956, began to liberalize his Soviet-style government from the 1960s to 1988 and instituted a series of economic reforms—beginning with the New Economic Mechanism of 1968—which reduced, but failed to eliminate, centralized control of the economy. Hungary’s economy nearly collapsed during the 1970s, splitting the ruling elite into irreconcilable factions. In 1985 multi-candidate elections for parliament were held for the first time, further diffusing the existing power structure. Janos Kadar and his colleagues were usurped from the ruling Politburo in 1988 by democratic reformers. After this, the Communist Party could not stop strong democratic opposition parties from emerging. Reformers forced the Communist Party to surrender its right to appoint key government officials (known as the *nomenklatura*). Other events—the collapse of Communism in Poland precipitated by the workers’ union Solidarity, the flight of people from East Germany through Hungary and its prospective reunification with West Germany, and the crisis in the Soviet economy followed by Mikhail Gorbachev’s reforms—encouraged Hungarian anti-socialist forces.

In the fall of 1994, the national parliament, controlled by the Democratic Forum, lost to the Socialist Party. The Socialists have slowed privatization and democratization in an effort to move closer to their Communist predecessors.

BACKGROUND ON DEBRECEN

Debrecen is the second largest city in Hungary with a population of about one-quarter million. Debrecen is about three hours from Budapest by train. It

lies about 50 kilometers from the Romanian border and 100 kilometers from the Soviet Union. It is an industrial town, specializing in ballbearing manufacturing, food processing, and pharmaceutical production. It is also a center of learning and research. Lajos Kossuth University, with about 1500 students, offers a liberal arts curriculum. The town also houses a regional medical school, an agricultural college, a college of music, and a seminary. The Atomik Institute, well-respected and internationally known, draws physicists from around the world to conduct research. The city is known as the Calvinist Rome because it is the cathedral city of the Calvinist religion.

Debrecen voters, under their new constitution, elected a coalition of Social Democrats and Young Democrats to govern them. Ironically, this coalition in power locally constituted the opposition to the Democratic Forum in parliament. Elections in 1995 in Debrecen turned power over to the Socialists, Social Democrats, and Democratic Forum parties. The Youth Party that dominated local government failed to win a single seat. The Socialists took power in 1995, and changes in local government remained uncertain. This chapter, therefore, focuses mostly on the transition period before 1995.

OLD GOVERNMENTAL STRUCTURE REPLACED

Prior to 1989, Hungary was governed by Soviet-type local “councils” made up of Communist Party members (White, Gardner, and Schopflin, 1982). Councils exercised control over the bureaucracy under strict guidance from national party leadership (Hankiss, 1990). Although Communists always dominated national and local government, periodic clashes over which leaders—national or county party officials—would control local decisions have occurred periodically (see Batt, 1988; Hankiss, 1990). These internal party battles over three decades may have sown the seeds of democratic self-government within the party.

The Local Government Act of 1990 did little to change the organizational structure of local government (Administrative State Secretary, 1990; Verebelyi, 1993). What it created was free elections of local representative bodies, self-government and partial autonomy from parliament, and locally levied taxes and public revenues (Verebelyi, 1993; Szabo, 1993).

THE NEW GOVERNMENTAL STRUCTURE IN DEBRECEN

Debrecen’s new government organization combines features of several American municipal structures. Power is vested in an elected assembly of 51 part-time members, who elect a full-time mayor with limited powers. A city administrator is responsible to the mayor for the day-to-day operations of the civil service. Originally, two elected deputy mayors undertook special projects and oversaw the departments on behalf of the mayor. A third deputy mayor was added as the work of government increased and became more fully understood. The assembly oversees the bureaucracy through small committees. The assembly functions under a parliamentary system, often, but not always, with strong party

discipline. One-half of the assembly is elected from voting districts, and the other from lists of party candidates.

The assembly, following the first free elections, was comprised largely of professionals, trained locally at the university or students and professors from the university. Only one former Communist member remained in the assembly. The mayor is a professor of medicine. Two deputy mayors are professors. The former Socialist and Communist members have no role in government, and they have virtually vanished.

Each of the eight assembly committees operates differently, depending on its membership. The social welfare and sports and cultural affairs committees advocate for the departments they oversee. The economic development committee, on the other hand, interacts little with its bureaucracy. The international affairs committee sets the agenda and works on programs largely independent of the bureaucracy. The finance committee, the only committee required by law, has an adversarial relationship with its agency, but the relationship is evolving into a partnership.

City workers—a civil service was gradually put into place—are overseen by a city administrator who has no exact equivalent in the United States. Her responsibility is to ensure that local and national laws are carried out. The position combines auditing and city management roles common in American municipal government. The city administrator is the only official who is required to have formal training, including a law degree. In Hungary, a law degree is the preferred degree in public administration. The first administrator was a prosecutor under the old regime. She was eventually replaced by another attorney, not a former Communist.

City departments include most of those found in U.S. cities and counties, including legal affairs, city planning, budget and finance, taxation, welfare, public housing, public works, schools, personnel, data processing, and public records. The city has no responsibilities for municipal courts, which, together with the police department, is controlled by the national government. The city is directly responsible for cultural affairs, including museums, orchestras, choral groups, cultural centers and theaters, sports (especially soccer), and health (including supporting social services). All public utilities and trolley and bus transportation are operated by the city in separate companies, similar to American authorities but without independent taxing or bonding authority.

The office of mayor could dominate the political system, but Debrecen's mayor has assumed a supporting role. The mayor chairs assembly meetings much as a city council president, often participates in committee meetings, hires and fires civil servants, negotiates salaries, and spends long hours representing the city at official functions. He is supported by deputy mayors on lengthy or technical projects. Two deputy mayors are architects and so tend to involve themselves in preparing development projects and negotiating with private entrepreneurs and developers.

Because the new laws changed political processes, but not organizational

structure, it is very likely that the only changes in Debrecen local government will be moving departments from one administrative area to another, that is, rearranging the boxes in the organization chart.

ISSUES FACING LOCAL OFFICIALS

Debrecen officials must address not only all the issues common to the management of American cities, but also issues peculiar to the still ongoing transition from centralized control.

Lack of Knowledge

Almost none of Debrecen's elected officials had experience in government or management backgrounds in the private sector (Rice, 1992). Under the previous regime, cities had little discretionary power, and those with democratic leanings were excluded from the exercise of what little power that was exercised. Civil servants, by contrast, had a great deal of experience in government, but much of it was irrelevant. No one had experience with the democratic exercise of power at the local level. They had much experience in taking orders. To make matters worse, there are no textbooks and few training programs (exceptions being new programs being developed by the Ministry of the Interior), or even consultants to serve as guides. Democratization elsewhere—Africa and South America—offer few clues (O'Donnell, Schmitter, and Whitehead, 1986). Debrecen cannot easily employ standard administrative texts or programs from other countries because few officials speak languages other than Hungarian or Russian. To compound matters, the national parliament was so overwhelmed with developing and passing laws, and its ministries were so overburdened with writing and rewriting regulations, that Budapest was unable to offer much assistance for the first years of self-government. Debrecen was in an information vacuum.

Lack of basic skills in government changed rapidly. Training programs for public officials were implemented, many in partnership with the United States Information Agency. But officials learned quickly on the job and by trial and error under the new global Western boss.

Lack of a Legal Framework

Imagine a society in which nearly all laws governing political affairs are dissolved. It would take years to reconstruct the legal framework for government. How are powers distributed between national and local government? Under what authority are regulations issued? What taxing powers does government have? What recourse do citizens injured by the state have? Hungary initially had few answers to these or to thousands of other questions. First, laws were passed to fill these gaps. This created political turmoil as agencies and govern-

ments adapted. There was further turmoil as laws were amended when they did not work as intended. While parliament deliberated, Debrecen suspended public decision making until granted specific authority, and authoritarianism ruled.

Consider the issue of privatization. Until national government acted, Debrecen did not know what it owned and what the state owned. Officials did not know if the national government would return private property confiscated a half century ago by the Communists. It could not sell property to private capitalist developers when it did not have clear title. Ownership of public property which has never belonged to private citizens was even unclear. In one case, the national government occupied only a few offices in a large city office complex, but Debrecen officials could not assume ownership. Consequently, they could not sell or rehabilitate the property. Unlike American governmental tradition, where the absence of law or regulation usually leads to political actions that can be rectified through legal proceedings, Debrecen and most other Hungarian cities tended to wait. The slow pace of local initiative may have initially been a vestige of many years under centralized decision making.

Absence of Traditions of Democracy and Conflict over Economic Philosophy

Until the fall of Communism, Hungary had few democratic traditions except “democratic centralization.” From the seventeenth century to World War I, Hungary was part of the Hapsburg Empire. Between the world wars, Hungary was governed by a conservative aristocracy with limited mass political participation. During World War II, Hungary remained independent, siding with the Third Reich (Kovacs, 1989). In the last year of the war, the Nazis occupied Hungary; then it was liberated during the Soviet advancement to Berlin in 1945. The power was taken by the Communists.

After World War II, Hungary had some experience with capitalism under the Kadar regime in the 1960s to 1980s, when a dual economy emerged in Hungary (Bauer, 1984; Hankiss, 1990; Joint Economic Committee, 1986). The “official” economy was state controlled. But an “informal” economy was allowed to develop in parallel. The informal economy, existing outside the law, provided goods and services not valued under state control. Although no one knows for sure, the informal economy may have constituted as much as 30 percent of the nation’s gross national product (“Italy on the Danube,” 1991). Communist Party members actively participated in this extralegal activity as both consumers and producers. It is very likely that the experience of party members in entrepreneurial activity led many to look to capitalism when they began to see their planned economy fail.

Even though they had little political or limited economic freedom, Hungarians were permitted to travel more widely as tourists or students than most Eastern bloc countries. This opportunity allowed many Hungarians to observe Western democratic societies. Hungarians were made aware of the benefits of capitalist

democracy and free enterprise as they observed the prosperity of neighboring Austria, a country with a shared history, and they probably also envied Germany's economic miracle under the Marshall Plan to showcase Western capitalism.

Although the political parties winning election from the Communists all had some form of free enterprise initiative in their platforms, the nation as a whole was not necessarily committed to capitalist ideology (Schopflin, 1991). Many intellectuals, opinion leaders, and a sizable part of the population preferred socialist economic systems as an alternative, some resembling Sweden, others considerably to the left. Those with socialist preferences feared the uncertainties, inequities, exploitations, and externalities of capitalist systems, and the repressive regimes it often imposes on people. The return of Socialists to power confirms this strong perception. Hungary has a long tradition of finding its own economic solutions (Bauer, 1983; Barsony, 1982; Hann, 1990). When other Communist countries were entirely state-controlled, Hungary sought a more middle road to socialism, "Goulash Capitalism" ("Italy on the Danube," 1991). It is too early to say which form will ultimately triumph—free enterprise or more socialist approaches (Pozsgay, 1991). This depends on the Socialists. What is certain is that the Hungarians will find a customized economic solution best suited to their needs.

In Debrecen, naive elected officials were initially united in their dislike of Communism and their opposition to its return. Although they believed in democracy, they did not yet know how far free enterprise would be realized nationally or in Debrecen. As such, they were in a quandary about how to structure their own economic affairs—capitalism or market socialism. As a consequence, local citizens voted them out of office, another indication of suspicion toward capitalism.

Debrecen's future will be shaped by the resolution of several issues: the relative roles of national and local governments; the excessive high citizen expectations of reform, taxation, and volunteerism; and electoral politics.

Political Conflict

The U.S. federal system of government has allocated powers and responsibilities among different levels of government. More importantly, the United States has devised political, judicial, and bureaucratic solutions when conflicts arise among layers of governments. Debrecen is trapped in a system with neither broad traditions that define who does what nor the means to resolve these conflicts. Conflicts are likely to arise not because of differences in goals or because of differences in means, but because of differences in political philosophy. The national government—first under the conservative Democratic Forum and now under the Socialists—is jealous of its existing powers, possibly because it is new. It seeks to retain centralization of decision making in three ways: (1) its ministries, (2) eight regional commissioners whose task is to monitor local government for compliance with national laws, and (3) national taxation and local

redistribution. Debrecen officials, both appointed and elected, want greater discretionary power. It is unlikely that a clear consensus of the balance of power will emerge. Instead, power will shift between Budapest, the regions, and the cities, depending on leadership, policy, and experience.

Debrecen is struggling to define its relationship within its region and with other regions. It must compete with seven other cities of comparable size and influence for resources, of which redistributed taxes are most important. It is also struggling with the towns and villages and country governments around it which often have little sympathy for or interest in its urban problems or politics, and they have their own problems and constituencies to contend with. This struggle mirrors the perennial lobbying efforts of American cities in Washington and in state capitals. But the United States has evolved long-standing and widely accepted political mechanisms and rules for resolving the conflict.

American cities use associations of cities—the National League of Cities or the Ohio Municipal League, for example—or peer groups within local administrations—the Association of County Commissioners, for example—as ways to inform and monitor the political process. These associations also effectively lobby other units of government to achieve their goals. There are similar associations in Hungary formally authorized and encouraged under law to which Debrecen belongs. In the first years after the fall, they had not yet defined their roles. Some existed under Communism and were used by Communist leaders to legitimize decisions and mobilize support, to inform the decision-making process or represent legitimate interest. Now, many associations are effective and influential with the help of capitalist leaders. Debrecen's neighbors to the north, for example, have merged cities, towns, and villages into an economic development group for self-help. They attracted many grants from Budapest and the European Union.

Overly Optimistic Expectations

Annual Gallup polls show Hungarians to be more dissatisfied with their quality of life since the break with Communism than even their Eastern European neighbors. Those eligible to vote in national and local elections have not turned out in large numbers. Inequality and exploitation under the new system had taken a toll on everyone. In Debrecen, citizens do not turn out for budget deliberations—although this could be because sessions of the assembly are televised. Local officials, the new elites, given the outcome of recent elections, accurately feared that the average person did not understand that four decades of Communist rule inflicted heavy social and economic damage on Hungary that will take decades to repair. The elite who benefited under Communism will lose their privileges and will use every opportunity to depict what has happened since 1989 in an adverse light. Sacrifices will be necessary for the working classes. Democracy and an unplanned economic/social system offer few guarantees, albeit minimal, that some Hungarians have come to expect. To survive, Socialist Party public officials will likely appease the citizenry in ways that may threaten

the attainment of democratic goals and could impede the development of an alternative economy, whether free market or socialist.

Taxation

The Communist state financed government not by taxing personal income or sales but by taxing state-owned industry and borrowing. Debrecen, therefore, had neither an established tax base nor a tradition of taxation. Only minimal or token income taxes, property taxes, and fees for service are perceived as feasible. Sudden and dramatic increases in gasoline prices (precipitated in part by rising oil prices *and* government taxes) in Budapest, for example, led to a shutdown of the entire city in a strike by taxi drivers. Debrecen has imposed new taxes on business and has raised existing ones. This creates a familiar dilemma: business will not locate or survive in Debrecen with high taxes, yet taxes are needed to provide the public infrastructure without which business cannot grow (Eggers, 1991).

Volunteerism

Because the Communist state provided the people with a comprehensive social safety net, it had no need for self-help or charitable organizations such as the Salvation Army or the United Way. In fact, these organizations were outlawed. Churches had neither resources nor legal standing and were unable to help. Communism, by definition, left no needs unmet.

The demise of Communism exposed unmet needs under socialism for the first time. At the same time, the movement to a more market-oriented economy will in the future exacerbate problems of unemployment, poverty, and homelessness as the economy is restructured. Under these dual forces, some people could not feed themselves, drug and alcohol abuse were common, gangs and crime were increasing, and homelessness was a problem. Public officials are struggling with how to organize start-up volunteer efforts and how to pay for them.

Inherited Problems

Debrecen inherited numerous problems that emerged with the fall of Communism, and they threaten democratization. These include unmaintained infrastructure, an abandoned Soviet air force base, derelict public housing, and the changing image of local governments.

Infrastructure

Despite great infrastructure in educational, cultural, social, and other features Debrecen possesses, many aspects of this infrastructure are in bad shape. Half of the city is served by septic tanks that create serious local pollution problems. Seepage jeopardizes a serpentine lake in the largest park in the region. The lake is an important amenity for future development. Debrecen sits on a natural spring yielding valuable mineral water as well as high-quality drinking water.

But much of the municipal system currently uses water from an industrially polluted river that it mixes with well water. Much of the city is heated by steam from the local power station. But steam pipes in many areas are above ground—creating an eyesore requiring major investment to rectify. One-half of city roads are still gravel or mud.

Soviet Air Force Base

The Red Army built a major strategic airfield in Debrecen with hardened aircraft hangers, two commercial-sized runways, apartment and barracks complexes to house military personnel, and sprawling maintenance facilities. Most apartments and barracks are beyond repair. Maintenance facilities have been destroyed. Pollution from military activity is widespread. The runways, however, remain intact. Debrecen is trying to buy the airport from the national government.

Public Housing

There is a great deal of public housing in Debrecen. Most people live in Soviet-designed high rises which are of low quality, dysfunctional, and ugly, but they housed people and no one was homeless. For example, the housing has only two levels of heat control—extremely hot and off. During the winter months, power stations labor to supply heat to thousands of units whose windows are open. The complexes lack access to public services and consumer services. Most must be replaced quickly to suit the “fend for yourself” reality under capitalism.

Image

The civil servants who ran Communist governmental offices are still employed at all levels in the bureaucracy, although few belong to the Communist Party. Informal agreements prohibit firing officials because of past party membership or collaboration (Bence, 1990). Yet they may be removed for corruption, incompetency, or through governmental reorganization. A few top-level officials in the bureaucracy have been replaced through reorganization, and others have left of their own accord. The rest remain in their tenured positions, at least in the short term. In January 1992, the national government administered a test to all civil servants (Rice, 1992). Although most passed and did not forfeit their jobs, the test did not weed out many people who should not work for government under capitalist elites.

Most of those remaining in the new regime seem to accept the new government and perform their duties to the best of their ability. There is no evidence or even allegations of covert activity to undermine the new government. Some department managers, however, do not understand their place in the new system and seem alienated and pessimistic, clinging to the old style of behavior (e.g., Pearce, 1991).

But even if the law allowed it, the new government cannot replace hundreds

of government workers. There are not enough qualified people to replace the old guard, and government wages are so low that few seek public service (Rice, 1992).

Outside Influences

Perhaps the greatest threat to local government is the influence from outside Hungary, including the threat of an influx of Croatian, Romanian, and Soviet refugees, pressures from foreign governments, entrepreneurs, and international organizations. Foreign corporations and business opportunists from the West, who seek huge overnight profits and take over ownership and contracts, are storming in and will likely pillage the city and cause more problems.

Potential Refugees

Debrecen lies near the borders of Romania and the Ukraine. Romania is the home of 2 million Hungarians displaced by World War I and a large gypsy population. Romania's struggle to overthrow Communism has led to the persecution of Hungarians living there. A large refugee population could descend on Hungary, particularly Debrecen. The prospect of civil war in some of the former Soviet Republics could cause the flight of Ukrainians into Hungary. Even ethnic conflict in former Yugoslavia waged over land that was once part of Hungary could pose problems. As many as 60,000 refugees have crossed into Hungary at the city of Pecs on its southern border.

Foreign Governments

Hungary has many friends in the international community who want to assist in the transition to capitalist democracy, including Germany, France, and Britain. Germany, for example, has funded the training of newly elected mayors nationwide. But each country is taking different approaches in offering assistance. European countries sometimes advocate large bureaucracies, social programs, and socialist economies, with heavy doses of central planning. The United States, by contrast, has offered market alternatives. The Hungarians should choose the system they prefer from among competing alternatives, but with all the conflicting advice, the choice will not be an easy one.

Which framework should Debrecen adopt? Will borrowing from several countries lead to systems with parts that are compatible?

Entrepreneurs

Hungary seethes with entrepreneurs from Western countries trying to profit from the demise of Communism. Hungary offers attractive opportunities because valuable public resources are being privatized. It is eager to invest public funding in schemes to create jobs. And it is willing to create a legal framework to encourage business, so profiteers flourish on the public's assets.

But public officials could get taken. In the 1970s and early 1980s, U.S. local

and state governments got into the economic development business. Many programs served no public purpose and simply lined the pockets of private developers. Hungarian officials run the same risk. They have neither the resources nor the technical expertise to identify good deals. Because the state owned most property and businesses and fixed prices, the market value of Hungary's assets is unknown. Real estate assessment skills are nonexistent in local government. Yet local officials are under pressure to sell assets or enter into joint ventures with the globalizing corporations that take over the economy and dictate government choices.

Organizations

Almost all international finance organizations are working in Hungary, offering money or advice. The World Bank has been especially active, and its methods illustrate the problems Debrecen faces. Bank officials asked what projects Debrecen officials most wanted to finance and demanded an answer in less than a week. Debrecen complied, but the Bank requested that they add more projects. City projects, some that had received only preliminary consideration, were on the proposed list. No project was supported by market research, feasibility studies, impact studies, or an overall plan. This was the fault of the Bank, not Debrecen officials who had only been in office a few weeks. Funding these projects will impose an enormous debt burden on the emerging democracy, with a high risk of failure. The result will likely be the high price citizens have to pay, as well as political and economic dependency on the West.

DEBRECEN'S STRENGTHS

While the problems it must overcome are enormous, Debrecen displays many strengths. The city is a university town, containing several prestigious institutions of higher learning, while supporting major manufacturing activities. Academia and industry are mutually supportive. The institutions educate the work force and provide a great deal of assistance in product development and testing. Manufacturing provides support to encourage the institutions to grow.

Debrecen's downtown still boasts buildings of antiquity, despite past neglect. It is a major cathedral city with an impressive Calvinist church. Its city choir has a well-earned international reputation, and recently its orchestra was featured in a PBS television special. The university annually draws 500 foreigners to study Hungarian language and culture.

Debrecen has a great deal of developable land within and outside the city limits which should be attractive to investors. The city is negotiating with several American hotel chains. It is located on a major, albeit antiquated, rail line extending from Budapest to Romania and the former Soviet Union, and it could be a trading center between West and East should the Romanians and Russians sort out their politics and economics. An interstate highway, privately funded by European investors, is planned to pass through Debrecen. Already, Debrecen

has an American-style neighborhood shopping center, a rarity in Eastern Europe. Perhaps the best indication of Debrecen's potential is that McDonald's Corporation has broken ground for a new restaurant there.

An important strength of the area is the open and friendly people. The work force is highly motivated and well trained. Debrecen's leadership is dedicated to making its new system work.

A POSITIVE LEGACY

Ironically, in spite of its demise, Communism left Debrecen (and other local governments) a legacy of inestimable value: state-owned firms, public land and buildings, and institutions, especially universities. Where once the government owned these, now many of them are in the hands of local government to manage on behalf of the people. In Debrecen alone, the value of this capital exceeds \$1 billion.

Debrecen has an unprecedented opportunity that is not typically available in American municipal government: it has the resources to accomplish public goals, which might be the envy of other countries. Never has so much *public* wealth been assembled with the potential to promote the common good.

The legacy is a two-edged sword, however: how will the new regime manage these resources? Will it sell them for short-term gain? Will it hold them to public trust? Will it convert them to new investments? How will it use this wealth?

DEBRECEN'S STRATEGY

Debrecen addressed its problems head on. At the core of its short-term strategy were small committees that put into place programs or policies. Officials developed a strategic plan, linking these disparate pieces—assigning priorities and responsibilities and targeting public funding (see also Rice, 1992). The United States Information Agency and many Western European countries adopted Debrecen as a demonstration city and provided experts to assist city officials.

Health and welfare planning are most fully developed because they meet needs that are closest to the average citizen. Volunteer and charitable organizations have started. An association has been formed to share information, coordinate services, and refer clients to appropriate agencies. This also monitors the quality of services, eliminates duplication, and evaluates whether the service accomplished what it was supposed to accomplish. Their thinking and initial planning on these issues are more advanced than those of most health and human service programs in the United States.

Local government officials and civil servants need training. The University, in partnership with the city, offers public administration degrees and continuing education. The United States Information Agency funded the Council of Governors' Policy Advisors to set up prototype training programs in public finance,

strategic management, and economic development. The University provides interns to staff a policy advisory and an assistance office to help the assembly and the mayor develop and evaluate policy decisions. Few cities do this in Hungary—or in the United States.

Business development is a thrust of the strategic plan. The city created a small business development center (SBDC), similar to American SBDC programs, with funding from the U.S. Congress, the European Union, and tax revenues. The city and Institute are starting an innovation park to take advantage of the expertise and equipment of the Atomik Institute. Businesses were offered space and support resources (e.g., telephone, secretarial, photocopying). The city and University are jointly funding these projects. (A detailed discussion of economic development is found in Buss and Vaughan, 1993, 1995.)

Debrecen intends to computerize all programs serving citizens to reduce the number of civil servants and improve productivity. The computer system will also improve the image of government. At the same time, officials have been systematically increasing the wages of many civil servants in order to retain those who are effective and to attract qualified people to public life. Public school teachers, for example, received a 30 percent pay raise.

Because Debrecen wishes to participate in the world economy, it must have officials who speak English and other foreign languages. The University is setting up an English-language training program with funding from the city which will serve top officials.

Understandably, Debrecen has not yet addressed its long-term needs. Its infrastructure, public housing, and environmental problems will require billions of dollars to rectify. Debrecen has not yet developed a consensus on how to allocate its legacy from Communism, its powers of taxation, and its borrowing potential. Many officials are uncertain about what to do; others do not know whether they are authorized under law to do what they must; and still others are unsure whether they want to risk their political careers. In this respect, they mirror American government.

PROSPECTS FOR THE FUTURE

Debrecen's community leaders are trying hard to achieve ambitious goals in confusing circumstances. They have, thus far, made great progress, especially considering that they had no experience and were forced to start from scratch. At this writing, Debrecen's new Socialist elected officials are in their first six months in office, spending their first budgeted dollars and hoping for the best: a balanced budget, a surplus, and few complaints. The real test is yet to come: do they have the revenues to pursue projects and offer services? Do they have the courage to raise revenues or cut services? Are they providers of better services? All three questions will likely be answered in the affirmative.

Unfortunately, the prospects for Debrecen hinge largely on national issues

over which they have no control (“Business in Eastern Europe,” 1991; Schopflin, 1991; Johnson, 1991; Gati, 1991; Washio, 1991; Blanchard et al., 1991), notably:

- the dismantling of state-owned industry and the reallocation of these resources,
- the stabilization and reduction of inflation, debt, and deficits,
- the convertibility of Hungary’s currency,
- the enactment of local government enabling laws and regulations,
- the resolution of political cleavage, at all levels of government,
- the achievement of consensus on an economic system, and
- the improvement in the population’s living standard and quality of life.

These are some of the challenges the new system in Hungary faces.

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Chapter 14

Administrative Reform Difficulties and the Role of Religion: Greece, South Korea, and Thailand

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INTRODUCTION

Administrative reform, that is, “the induced systematic improvement of public sector operational performance” (Caiden, 1991: 1), though not a new phenomenon, has been assigned almost universal proportions since the 1960s. It became a subject of contention in Western democracies, Eastern bloc countries, and the new, and not so new, countries of the Third World. Reform-seeking countries, by and large, expected in time to solve their administrative difficulties not by overturning what they had, but by overhauling and generally revising as they went along. In this, Caiden asserts, “they were to be proved wrong” (1991: 1).

The failure of administrative reform in the West became less apparent. “Managerial improvements and inventive gimmicks,” coupled with wealth and fairly solid administrative foundations, “managed to conceal institutional defects.” In the Eastern bloc the dismal performance of administrative systems reached “crisis proportions” and brought about the need for “immediate, speedy transformation,” but no knowledge about how to go about it (Caiden, 1991: 2). The developing or changing societies of the Third World had a different problem. Coming from colonial backgrounds and poorly developed indigenous bureaucratic structures, the governments of the newly independent states attempted to create developed or rationalist administrative systems by seeking to adopt Western bureaucratic models and managerial techniques. It should be noted that a developed or rationalist administration is characterized by organizational complexity, a high degree of specialization and professionalism, political neutrality, accountability to the legitimate authorities of the state, and responsiveness to the needs of the citizenry (Heady, 1979: 168–170).

Although varying degrees of success have been reported by different devel-

oping countries, it is generally accepted that wholesale and indiscriminate adoption of exogenous administrative prototypes and reform models has failed. Social, cultural, economic, political, and idiosyncratic considerations forced would-be reformers to try their own reform programs, “borrowing where they could from their neighbors’ experiences” (Caiden, 1991: 4). But instead of improving the quality of administration and its ability and willingness to better serve the needs of the citizenry, imported reform techniques only strengthened the indigenous bureaucratic elites’ ability to manipulate the state apparatus for their own advantage. As a result, Caiden argues, “[a]dministratively, things often got worse not better” (1991: 244).

A multitude of factors can impede the successful implementation of bureaucratic reform. In addition to certain “universal” obstacles which include social conflict, absence of resources and technological know-how, and high tolerance of bad administration, Caiden identifies five broad categories of impediments: geographic, historical, economic, political, and cultural. The cultural category includes religion as an impediment to successful administrative reform.

Although a plethora of studies have analyzed the impact of different reform-inhibiting factors, very little has been done to unearth and understand the influence of religion on the failure of administrative reform in developing or changing societies. This chapter seeks to do exactly that by comparing the impact of Eastern Orthodoxy on administrative reform in Greece, Confucianism in South Korea, and Theravada Buddhism in Thailand. Though oceans apart with different historical, social, and cultural backgrounds, nevertheless the three nations share a number of similarities that provide a good basis for comparison. The three countries did not experience overt European colonialism and are inhabited by remarkably homogeneous populations. Greece and Thailand are overwhelmingly homoreligious. In South Korea, though more religiously diverse, the preponderance of Confucianism “has been prominent throughout the long history” of the Korean peninsula (Kim, 1982b: 47). Moreover, the three nations have made substantial economic progress in the last several decades and are located in sensitive geographic areas with neighbors that either came under Soviet domination or experienced considerable political turmoil and revolution in recent decades. Finally, all three countries experienced praetorian rule on a number of occasions and, most importantly, have experimented with bureaucratic reform with mixed success. This chapter consists of two parts: the first portion presents a cursory examination of administrative reform in Greece, South Korea, and Thailand; the second analyzes the role of religion with respect to the failure of efforts to bring about bureaucratic modernization and development.

A BRIEF HISTORY OF ADMINISTRATIVE REFORM

Discussing the importance of modern administration, Samuel Krislov argues that “[b]ureaucracies are the late bloomers of political structure. They grew silently in the underbush—seldom noticed, little analyzed. . . . They are not

loved and respected, but rather tolerated and dependent on” (1974: 40–41). Modern bureaucratic structures are at the very heart of the nation-state. Indeed, as Fritz Morstein-Marx (1973) notes, it is inconceivable to perceive any type of national development in which the bureaucracy does not play a leading role. It is, therefore, no accident that the emergence of nationalism and the growth of the centralized, monarchical, absolutist state and its successors in Europe and other parts of the world in the last three to four centuries coincided with the genesis and propagation of modern bureaucratic organizations.

Greece

The genesis, evolution, and role of Greek politics and bureaucracy were based on European prototypes adopted on a wholesale basis by the nation’s political leadership, beginning with the late 1820s when the country came into existence as a semi-independent entity. Early attempts to forge a modern French-modeled bureaucratic structure in Greece failed. The new country possessed all the characteristics of a traditional agrarian society, and its independence was only marginal. The Ottoman Empire—from which Greece gained its independence following a protracted struggle—was a corporatist entity. The only contact between the subject people and the Muslim authorities came when the latter came to either collect taxes or draft people for compulsory and unpaid labor. These much detested practices encouraged individualism, localism, and the existence of brigandry. Economic backwardness, early adoption of parliamentary institutions, and the influence of the Great Powers did little to ameliorate these difficulties. The administrative apparatus that was established was not “set up to serve the citizen . . . [Instead, it] became a tool of oppression” (Vernardakis and Papastathopoulos, 1989: 604).

Based on the French model, Greece’s bureaucracy was highly centralized and “conceived outside the Greek reality without regard to the needs of the Greek people and was imposed upon the new nation along with the monarchy” (Vernardakis and Papastathopoulos, 1989: 604). No regard was given to cultural, economic, historical, and other differences. Greece’s bureaucracy during the decade following independence “did not reflect sufficiently the nature of the Greek society” (Argyriades, 1965: 298). The civil service became the dumping ground that accommodated thousands who could not find employment in the desperately poor economy, and it was a source of patronage offered by politicians to their constituents in exchange for political support. Finally, lack of a tenure system, low pay, and little prestige sufficed to keep the elites away from the ranks of the bureaucracy. All of this rendered civil servants pawns in the hands of their elected patrons.

The 1880s ushered Greece into a new period. A new generation of leaders emerged, aware of the need to modernize the country’s archaic economic infrastructure. The reform-minded Tricoupis administration sought to revamp the nation’s administrative apparatus. Tricoupis established a mechanism to punish

and even expel civil servants guilty of graft and other unethical practices; forbade the transfer of bureaucrats from one ministry, bureau, or office to another before they had met promotion requirements; tied promotion to the level of education; and mandated an examination as prerequisite to employment in the civil service. But the prime minister's reform effort to neutralize and reorganize the bureaucracy failed due to the same clientelistic and cultural traits that carried over into the new era.

The rise to power of a new generation of leaders in the 1910s, headed by E. Venizelos, and the emergence of a small but energetic entrepreneurial class gave development a shot in the arm. New effort was undertaken by Venizelos in the 1910s and 1920s and by succeeding governments to revamp the nation's bureaucracy, without overwhelming success. A series of laws were passed in the 1910s designed to modernize Greece's administrative apparatus, including the introduction of a tenure system aimed at neutralizing the civil service and other reforms in many ways similar to those introduced earlier by Tricoupis.

Additional safeguards were introduced in 1951 through the introduction of a Civil Service Code, which created a permanent commission responsible for overseeing all facets of administration, including recruitment, promotion, retirement, grading, pay, discipline, rights, and duties of administrative personnel (Argyriades, 1965: 299). In spite of these efforts, the clientelistic practices continued unabated. The bureaucracy grew in numbers and consumed an ever larger slice of the national budget. The majority of civil servants possessed little training, and many could not read and write. C.A. Munkman, an employee of the American Economic Mission to Greece, characterized the Greek administrative apparatus as "inefficient and archaic" with "a lot of dead wood" in its ranks (1958: 261).

A number of developments, including the introduction of U.S. economic aid in 1947, ushered Greece into a period of healthy economic growth, urbanization, and substantial increases in per capita income, literacy, and consumption rates. Some token efforts to improve the bureaucracy's reputation and efficiency were neutralized by the nepotistic political practices which, along with extremely detailed laws, created "a paralyzing effect" and encouraged "the shelving of responsibility" on the part of the nation's administrative apparatus. The liberal government of George Papandreou (1964–1965) proceeded to adopt a series of reforms aimed at improving Greece's administrative apparatus. These included greater emphasis on technical and administrative training, trimming unnecessary personnel, and decentralization. But when the military took over in 1967, it moved quickly to scrap these steps—most of which had not been fully implemented—denouncing them as communist-inspired. The colonels' nepotistic practices, repression, threats of dismissal, inability to issue clear directives, failure to respond to the needs and recommendations of the civil service, and planting of informants in the ranks of the civil service rendered the bureaucracy a passive observer. The military rulers were even less successful in their efforts

to transform and modernize the nation's administrative apparatus than their predecessors (Danopoulos, 1988).

Following the restoration of civilian rule, the conservative Karamanlis/Rallis cabinets (1974–1981) made some feeble reform attempts that were followed by more ambitious efforts by the succeeding socialist governments of Andreas Papandreou. Papandreou's administrative reform legislation contained many of the proposals made by his father's government in the mid-1960s, with significant additions. The socialists concentrated their efforts on establishing "a more open [civil service] system concerning recruitment, appointments, transfers, and promotions" (Shinn, 1985: 238). In addition, a uniform salary scale grading and rating system, decentralization, and other measures were proposed to reduce the bureaucracy's heavy-handedness and increase its responsiveness to public needs. The last named included simplification of procedures and establishment of a bureau of public grievances aimed at discouraging the shelving of responsibility and improving interagency communication and coordination. Finally, a School of Public Administration was established in 1985, based on the British and French models. Its aim was to train current and prospective high civil servants by concentrating on "practical knowledge" in place of "theoretical knowledge" offered by existing university curricula (Athens News Agency, 1985). All these efforts were designed "not only to increase productivity and efficiency of performance but to also strengthen the responsibility and accountability of public officials" (Vernardakis and Papastathopoulos, 1989: 606).

The conservatives returned to power in 1990. Under pressure from the European Economic Community (EEC), they promised in February 1991 to "shrink public sector employment by 10% over three years" and to increase the bureaucracy's effectiveness. Once in power, however, the Mitsotakis government fell prey to the same clientelistic practices. Instead of a decrease, the "number of civil servants rose by 4.4% in 1991" (*Economist*, 1992a: 55). As the 1993 elections approached, the conservative government followed "a scorched earth policy . . . hiring thousands of new employees" (*The Christian Science Monitor*, 1993: 6). The Socialists who came back to power in October 1993 dismissed many of those hired by their predecessors and brought back those who had been fired by the Mitsotakis government. Greece's bureaucracy is so bloated and inefficient that the president of the Federation of Greek Industries "believes [that] there is room to reduce state employment by 30–40%," and criticized the government for inaction (*Economist*, 1992b: 56). Thus, despite efforts to modernize the nation's administrative apparatus, Greece's bureaucracy is plagued by low morale, parochial and clientelistic perspectives, inefficiency, lack of responsiveness and expertise, and absence of responsibility. The Greek civil servant, note Vernardakis and Papastathopoulos, "is more interested in promoting his own career interests rather than being an active participant in the political process" (1989: 625). The proclivity of the political party in power to help its own political fortunes by stuffing the administrative machinery with new civil servants or granting tenure to temporary ones accentuates these difficulties

(Spanou, 1990: 175–176). The Greek bureaucracy is “overgrown,” but “its inflated size does not correspond to a build-up of bureaucratic strength. If anything, the Greek bureaucracy today resembles a colossus with feet of clay” (Sotiropoulos, 1994: 15).

South Korea

Like Greece, South Korea has experienced foreign influence, including colonization; in South Korea’s case, by the Japanese (1910–1945). The country’s contemporary political and administrative culture is a mixture of traditional (Confucian and, to a secondary extent, Buddhist) and Western values, norms, and practices. The origin of the traditional value system can be traced to the *Korea* (918–1392) and *Yi* (1392–1910) dynasties. Buddhism was introduced to Korea in the fourth century and reached its culmination during the *Korea* dynasty, when Buddhism became the official religion, permeating not only the ruling class but also the masses. As a result, high-ranking monks were frequently and actively involved in running the kingdom. These practices enfeebled the *Korea* dynasty by incubating the seeds of rebellion among the newly growing class of Confucian scholars. Lee Sung-gae, who overthrew the *Korea* dynasty with the support of the Confucian scholars, adopted Confucianism as the governing philosophy in order to weaken the political influence of the Buddhist high class and to build a strong centralized governing system. Confucianism, which stresses scholarship and hierarchical order in the family and society, helped the new *Yi* dynasty accommodate these emerging needs.

In the centralized, organic, and unitary *Yangban* system, “knowledge of Confucian thought became a requirement for government office and promotion” (Kim et al, 1993: 363). The prestigious and powerful office of the Special Councilors had the authority to interpret the Confucian classics and to advise the king on legal, literary, and philosophical matters. The Councilors were also “in charge of the preparation and preservation of all official documents [and] articles on government matters (Kim, 1982b: 54). Under Confucian philosophy, administrators were recruited through open and competitive examinations. Perspective candidates were evaluated on the basis of scholastic achievement, even though opportunities were restricted to the upper classes. Task specialization in governance was accelerated by importing the Chinese model. Centralization was strengthened by dispatching central government officials to oversee the practices of local governments. The infusion of Confucianism not only helped the *Yi* dynasty establish a centralized nation-state in Korea but also became the primary governing principle. These practices further contributed to centralization and deprived lower and regional strata of the defined power base needed to challenge the system, thus ensuring the perpetuation of the *Yi* structures.

When the Japanese colonized Korea in 1910, they sought to reform the *Yi* administrative machinery. The occupiers wanted to transform the traditional Confucian bureaucracy into a “quasi-modern” authoritarian structure emphasize-

ing efficiency instead of ethics and good governance. *Yangban* generalists, who had been the backbone of the *Yi* system, were replaced with specialists who, lacking the prestige and cultural significance of their *Yangban* predecessors, could be exploited by their colonial masters. In time, the Japanese occupiers sought to use the restructured bureaucracy in order to mobilize the Korean people. Instead of decentralizing the bureaucratic apparatus, these efforts brought to power a “militarized, quasi-totalitarian regime that shared many of the values of [the] traditional Korean society” (Kim, 1982b: 53–54). Thus, as Lee Chae-jin and Bark Dong-suh observe, even though “the Confucian-inspired *Yi* dynasty collapsed in 1910, the central role of the bureaucracy in Korean politics persisted during the Japanese colonial administration and thereafter” (Lee and Bark, 1973: 29).

Following the defeat of Japan in 1945, the Korean peninsula was divided between North and South. The South came under the control of the United States and has ever since remained under U.S. military and political supervision and control. During the 1945–1948 period of American military administration, an effort was made to establish a free and independent government and to stabilize the country’s shattered economy. Having no clear ideas how to accomplish these goals and no time to develop a game plan, “the military government immediately adopted the Japanese bureaucratic structure as a temporary measure.” Dependent on the centralized authority of a handful of individuals, the U.S.-inspired attempt to propagate institutions “resulted in a strange paradox . . . : [the] bureaucracy [became] more centralized, it seemed, than ever before” (Kim, 1982b: 57–58).

The Rhee administration that assumed power in 1946 continued and even intensified centralization. Enhanced by “the authoritarian submissiveness of the Korean masses” and bent on personalism, Rhee’s First Republic (1946–1960) forced local governing bodies into atrophy, and created and expanded the power of the bureaucratic apparatus. The war with the North helped Rhee accomplish his goals. During this period South Korea’s economy suffered from inflation, underdevelopment, and an archaic tax system. Seoul’s administrative machinery “was notorious for its corruption and self-indulgent practices” (Heady, 1991: 332). W.D. Reeve described South Korea during this period as a country “where the ‘greased palm’ characterizes every transaction and where corruption is deeply embedded in the practices of government, accepted by society, and is a traditional prerequisite of some of the officials” (Reeve, 1963: 99). The authoritarian First Republic was overthrown in 1960 and was replaced by the democratically elected Second Republic of Prime Minister Chang Myon. In an effort to reform his predecessor’s authoritative structures, the short-lived democratic government (1960–1961) passed legislation designed to decentralize Korea’s bureaucracy and to drastically reduce its authority. But the regime’s aim was frustrated by the ensuing political instability, political strife, and social ferment that characterized South Korea at that time.

The May 16, 1961 military coup eventually brought General Park Chung-hee

to power. Chung-hee's strong presidential system was "based upon an exceptionally centralized bureaucracy" (Kim, 1982b: 61). President Park's Third and Fourth Republic (1961–1979) placed a premium on reforming the nation's bureaucratic apparatus. Measures were taken to stamp out corruption, and an investigating board was created to investigate government bureaus. The Park regime issued a decree threatening to impose the death penalty on dishonest public officials (Heady, 1991: 332). In addition, the military government dismissed top-level bureaucrats considered "remnants of the old routine-accustomed bureaucracy" and promoted "many younger officials with more positive outlook" (Kwon, 1974: 82).

Economic development became the praetorian regime's motto. In that direction, the Park government severely restricted political activity and concentrated the nation's resources on economic efficiency. It rendered the bureaucracy "a major instrument for public policy making and implementation" (Kim, 1992: 307). The nation's formal political system replicated the American presidential system, but the bureaucratic apparatus was molded to concentrate on economic planning and intergovernmental coordination. The Economic Planning Board was created in June 1961 to play a strong umbrella role in economic planning and budgeting.

Administrative reform focused on managerial efficiency and the performance budgeting system was partially implemented. The merit principle was "widely introduced in personnel management such as open examination, position classification, training, performance evaluation, pension, and a code of ethics" (Oh, 1986: 470, 474). In this reform process, the Park administration allowed broad participation from a variety of professions. Among these, "many were educated in the United States or had knowledge of the American system" (Oh, 1986: 468). The Graduate School of Public Administration, established at Seoul National University in 1959 by the International Cooperation Agency (Kim et al., 1993: s–4), became a pioneer academic institution in modernizing the nation's bureaucracy. In colleges and universities, the discipline of public administration was more prestigious than political science. Many political appointees were trained in administration-related areas. Indeed, management-oriented administration was rapidly growing in school curricula and in practice.

As a result, the bureaucracy grew rapidly in numbers and power. However, these reforms achieved limited success because politically powerful positions were filled mainly by military elites or at least by those who were loyal to the president. The merit principle was often disturbed by politics, even though the formal planning/implementation dichotomy prevailed. This pathology was worsened by regional and academic favoritism.

In addition, many of the Western regulatory policies adopted by the regime turned out to be impractical or unachievable. Bureaucrats responded by exercising a significant amount of discretion in implementation and as a means to make up for their low salary despite high prestige. Interestingly, in the process of modernization, the Park administration revived some elements of Confucianism, such as loyalty to the ruler and devotion to parents, in order to justify its

authoritarian dictatorship and strong centralization. Local autonomy, which had been experimented until 1961, was discarded and the hierarchical social order was once again emphasized to repress popular discontent with the regime's heavy handedness. Park's successors, first General Jun Do-hwan (1981–1987) and later the democratically elected General Rho Tae-woo (1988–1992), continued these policies and practices. Kim Yong-sam, South Korea's first civilian president in over 30 years, undertook an ambitious effort designed to democratize, sanitize, and decentralize the country's administrative system. Since the 1999 election of populist president D.J. Kim (a political prisoner under some of the previous presidents), administrative reform has sought to reconcile globalization and national interests by cautiously adopting market reforms and sustaining the institutional structures of a traditionally strong developmental state for Korea.

In short, Korea's administrative behavior and culture are a mixture of Western and traditional norms and practices. As far as technical knowledge, expertise, efficiency, and complexity are concerned, the country's bureaucracy is one of the "world's best" (Lee and Bark, 1973: 19). Despite these achievements, however, many traditional "practices are still present" (Heady, 1991: 332). Korean administrators are seen "as arrogant, corrupt, or aloof to the immediate needs of the general public" (Lee and Bark, 1973: 38). Kim Bun Woong concurs, stating that "there appears a general consensus among Koreans of various political persuasions that government institutions and administrative practices up to now have been inadequate to meet Korea's complex present and future demands" (Kim, 1994: 592). Paik Wan-ki asserts that even though Korean bureaucrats "may actually want modernization, . . . they are imbued with a [Confucian] value system which is incompatible with modernization" (Paik, 1982: 87). Paik captures the developed/traditional dichotomy:

[The] Korean bureaucracy has rapidly changed and improved in terms of institutional make-up. If we perceive the concepts of "change," "innovation," or "modernization" only in terms of structural factors, then there has been a remarkable modernization in Korean bureaucracy. However, modernization is not restricted to structural change alone, but is more closely related to bureaucratic behavior or attitudes. If structural change is not accompanied or supported by change in attitudes or beliefs, no administrative reform can be considered substantial. . . . Therefore, if bureaucrats remain continuously committed to traditional values, . . . administrative reform is nothing but a rearrangement of the structural units of the government. (Paik, 1982: 64–65)

Thailand

The Thai bureaucracy displays many parallel characteristics in its development and evolution but also differs from its Greek and Korean counterparts in many significant respects. Unlike Greece and Korea which came under foreign rule, Thailand or Siam, as the country was known until recently, managed to escape the fate of most of its neighbors. As Sutton suggests, "at no time in her 700 year history has Thailand ever been dominated by an outside power long enough to become a colony" (1962: 13). Absence of colonialism has prevented

the emergence of antipathy and anti-Western attitudes among the Thai. This, coupled with pressures to modernize and develop their country, have prompted Thai political leaders to look to the outside world for ideas and experiences regarding political, economic, and bureaucratic reform.

In recent times, "the West tends to provide a considerable quantity of such examples" (Sutton, 1962: 18). Western adaptations were generated not only by cultural and historical values and traits but were also motivated by the desire for protection against the threat of British and French colonialism (Mosel, 1957: 293). Yet, despite Western influences the Thai administrative system "is structurally Western modeled but the mode of operation within this structure is a continuance of patterns antedating the structure" (Mosel, 1957: 278). Like its Korean counterpart, the Thai administrative apparatus, says Shorr, "is a distinctive composite of alien and indigenous elements" (1962: 24).

Thailand's public administration has borrowed generously from outside sources since A.D. 1237, when the country's boundaries were fixed and Hinayana or Thevarada Buddhism became the official religion, with the king as its defender. In 1350, King Rama Thibodi I established his capital in Ayudhya, which marked the beginning of an ongoing "struggle to consolidate the modern political state" (Mosel, 1957: 284). The Ayudhyan administrative system, which lasted until the middle of the nineteenth century, was based on Indian and, to a lesser extent Khmer, precepts. Its central characteristics included centralization and specialization of functions, a personally-based feudalism, and a social order-based intensive hierarchization. Mixed with Buddhism, these served to strengthen royal absolutism and, in turn, "provided the power needed to bind together the sprawling kingdom" (Mosel, 1957: 286). The Ayudhyan setup "became a social as well as an administrative system" and provided the "discipline . . . to tie the bureaucracy closer to the monarchy" (Mosel, 1957: 289). Many of these features have survived through the centuries and are still found in Thailand's modern administrative apparatus.

By 1780, the Ayudhyan setup had lost much of its dynamism. This prompted General Chao Phya Chakri to dethrone the reigning king and to enthrone himself in his place. Chakri moved the capital to Bangkok and inaugurated a new dynasty whose present-day descendants occupy the Thai throne. Chakri kings seemed at first to be preoccupied with bringing back the glories of Ayudhya; things changed dramatically in the mid-nineteenth century when Mongut (Rama IV) ascended to the throne. Under his firm and inspired leadership, a new era began, known as the Chakri Reformation, which lasted until the constitutional coup d'etat of 1932. King Mongut realized that trying to revamp the Ayudhyan system was a lost cause; and unless he managed to adopt modern administrative standards and techniques, he would not be able to maintain himself in power and his country would become colonized. In 1855 he signed the Bowring Treaty of Commerce and Friendship with Britain which, in turn, "exposed Thailand to Western influences from which she had been previously isolated" (Mosel, 1957: 293). In Riggs's words, the treaty opened the "doors . . . for the intrusion of

Western influences” and led to significant administrative reforms (1966: 111). To help him in his task, Mongkut established diplomatic relations with a number of countries, employed foreign engineers, technical experts, and instructors from European countries, mitigated the rigid master–servant concept, and decreed that the state should pay those who performed work on its behalf. “Under his aegis Thailand passed from medieval to modern times” (Mosel, 1957: 293).

King Chulalongkorn (Rama V), Thailand’s greatest king, continued and intensified his father’s reforms. During his reign, 1873–1910, the country’s administrative structure received considerable attention. Among his many bureaucratic innovations were the transformation of the old “Kron” (departments) into European-type ministries with proper legal functions. Chulalongkorn consolidated many disparate departments, created new ones, placed officials on fixed salaries and regular work hours, and established the first secular school within the palace to train future civil servants. In addition, he provided scholarships to promising young men to be sent abroad for studies, and he brought in foreign advisors (mainly British but also some French and even a few Americans). These sweeping reorganizations, which have been described as nothing short of “a silent revolution,” would not have been possible without Chulalongkorn’s “brilliant leadership.” His great instincts enabled him “to wait for the strategic moment to carry out his reform, thereby permitting transformation to occur without violence or much apparent break in political continuity” (Riggs, 1966: 111).

Chakri modernization, however, had additional but unintended social implications. From 1900 on, and especially following Chulalongkorn’s passing in 1910, a period of “consolidation,” “readjustment,” and “expansion” occurred. The “study abroad” program exposed young nobles to Western liberal ideas of constitutionalism, limited government, bureaucratic autonomy, and popular participation. Siffin succinctly describes the implications of the Chakri Reformation as far as the bureaucracy was concerned, saying that “[it] (the bureaucracy) had acquired a structure and a set of processes which made it substantially independent of the king for its sheer continuance. The bureaucratic institutions could fulfill the essential needs of the Thai society without royal leadership” (Siffin, 1966: 139). Chulalongkorn’s successors either “displayed a splendid inability to understand this” and/or a lack of sensitivity to adapt to the new realities (Siffin, 1966: 139–140).

Frustrated by this situation, a small group of Western-trained bureaucrats and disgruntled middle to lower ranking military officers organized and executed the bloodless 1932 Revolution which resulted in the abolition of the absolutist monarchy. A Western-style constitutional system was installed in which the king reigns but the government rules. But the new governmental system set up by the revolutionaries did not fare well. Thailand entered a period of governmental instability which continues to the present day, exemplified by numerous constitutions and military interventions in the nation’s political affairs. The armed forces continue to be the single most important political player, intervening at

will to protect the corporate interests and privileged status. The Thai military's most recent intervention is considered one of the few setbacks in the wave of democratization sweeping the world in the 1980s and early 1990s (Sorensen, 1993: 31). In the face of frequent governmental changes and the "absence of a viable constitutional and political order, the continuity of Thailand's governance has been provided mainly by . . . its public service" (Shorr, 1962: 23). The pattern continues unchanged.

Interestingly enough, governmental instability has made it possible for the Thai bureaucracy to display a "remarkable stability and insulation against power shifts at the top" (Mosel, 1954: 318). The post-1932 era also led "to the acceleration and consolidation of changes which had already been launched; and the deepening of the pattern of functional specialization" (Riggs, 1966: 111). These changes have generated a concomitant expansion in size. According to Chandarasorn, the number of Thai "government officials has increased from 220,252 in 1968 to 926,662 in 1982" (1985: 344).

Yet, much as in Greece and Korea, Thailand's bureaucratic apparatus, though Western in structure, continues to be the captive of its cultural past and displays both modern and a great many traditional behavioral patterns (Vajirakachorn and Sylvia, 1990: 172-174). In a 1976 study, Quah found that 80 percent of public officials and 86 percent of citizens "believed that the Thai bureaucracy was dominated by teamwork corruption . . . [and] were pessimistic about completely solving the problems of corruption" (1982: 164). Thailand's administrative apparatus, according to Nankata, is given "to work delays, [and] displays objective inefficiency, parochial perspectives, and refusal to accept responsibility" (1981: 68). "[M]inisterial and departmental competition, duplication of efforts, and lack of cooperation in long term planning" are the hallmarks of the Thai administrative system (von der Mehden, 1970: 334-335). Hampered by corruption, low salaries, and traditional patterns of evaluation and performance, Quah sees little chance of any "serious attempt to improve the system" (1990: 244).

RELIGION AND THE FAILURE OF ADMINISTRATIVE REFORM

Bringing about bureaucratic reform is a difficult proposition because it requires those affected to change their patterns of thinking and doing things. Even under "the most favorable circumstances," argues Caiden, "reform is a tricky business" (1969: 186). In order for it to be successful, it "cannot depend on the superiority of power or the coercion of the nonbelievers. Ultimately, those who resist reforms have to be won over in spirit as well as in body" (Caiden, 1969: 154).

Despite repeated efforts by Greek, South Korean, and Thai governing elites to reform and modernize their respective administrative structures using Western prototypes, the results have been less than "satisficing," which March and Simon

define as attaining a satisfactory degree of performance within given conditions (1958: 40–41). Greek, Thai, and, to a lesser extent, the Korean administrative mechanisms possess few of the characteristics associated with developed or rationalist administration, such as high degree of specialization and professionalism, accountability to the legitimate authorities of the state, and responsiveness to the needs of the citizenry (Heady, 1979: 168–170). Instead, they are bloated, slow, unproductive, and corrupt and display many of the traits associated with public administration in developing societies, which include deficiency in skilled personnel, personalism, formalism, emphasis on orientations that are other than productive, and wide discrepancy between form and reality (Heady, 1979: 271–275). Innovation, defined by V. Thompson as “the generation, acceptance, and implementation of new ideas, processes, and products or services” (1969: 5), is not one of the hallmarks of Greek, Korean, or Thai administration.

Although a myriad of factors account for this failure of administrative reform in Greece, Korea, and Thailand, religion is one the more salient and little understood ones. Eastern or Greek Orthodoxy and Theravada Buddhism are unifying factors in the social fabric of Greece and Thailand, respectively. Over 97 percent of Greeks consider themselves Greek Orthodox, while 95 of Thais regard themselves as Buddhists. Indeed, “being a Thai” and “being a Buddhist” are synonymous, as is being “Greek” and “Orthodox.” Despite Western cultural penetration and efforts by the governing elites in both countries to secularize their countries, attachment to religious traditional values remain strong. For example, even though church attendance in Greece has dropped precipitously in recent years, very few Greeks choose civil marriages, preferring instead to tie the nuptial knot in the presence of clergymen. All Thais, including Western educated ones, wear typical Buddhist amulets around their necks.

Confucianism’s influence on all aspects of Korean life is equally pervasive. “Contemporary Korean political culture,” says Kim Bun Woong, “has been and still is molded greatly by historic residues of the heritage of Confucianism” (Kim, 1982a: 133). The overt religious nature of Confucianism may be more difficult to detect because it gives “close attention to personal conduct and the moral order” rather than the ultimate salvation of the soul. Nevertheless, if religion “is a way of life woven around a people’s ultimate concerns, [or even] the concern to align man to the trans-human ground of his existence,” Confucianism, in Huston Smith’s mind, cannot be denied “the dignity of being considered a religion, . . . albeit a muted one” (Smith, 1988: 254).

The role of religion can often act as a powerful generator and propagator of social developments. Religious-rooted precepts can be a catch-all vehicle that often serves as a framework for action, analysis, justification, and rationalization, as well as a blueprint for the present and the future. Donald E. Smith, one of the few scholars who has dealt with the impact of religion on political development and modernization, argues that “understanding of [a] society’s sacred symbols and values, and the ways in which these have been related to the social system may well tell us more about behavioral predispositions” than about per

capita GNP or other economic or social indices (Smith, 1974: 3). Drawing from a number of studies comparing the role of Christianity, Islam, Hinduism, and Buddhism, Smith concludes that [t]he religious factor . . . is rooted in the traditional past and in the present consciousness of the . . . population" (Smith, 1974: 18). Finally, Smith divides these religions into two system categories: Hinduism and Islam make up the organic type, while Christianity and Buddhism are characterized as church systems. Of the two, organic systems "tend to equate religion and society," lack an hierarchical and organized structure, and are less capable of responding to or initiating change. Church systems, on the other hand, "posit a structure that is within society but clearly separate from it," are hierarchical with a distinct class of clergy, and an infrastructure capable of adopting or opposing change and, if need be, dominating the entire society (Smith, 1974: 6–7). Both Orthodoxy and Theravada Buddhism are of the church type with clear individual, societal, and, by extension, bureaucratic implications. Although Smith makes no attempt to classify Confucianism, its lack of a distinct class of clergy and of religious organization give it a definite organic bent.

Buddhism, the creation of Buddha (the man who woke up), began in India in about 560 B.C. Buddhism was a reaction to what Buddha perceived as the negative and rigid sides of Hinduism. Its founder preached a religion devoid of authority, ritualism, speculation, and tradition. Instead, in Huston Smith's mind, Buddha offered a religion of "intense self-effort," devoid of "supernatural power"; "a religion without theology"; and "a religion without God" (Smith: 1986: 140–145). Central to Buddhism is the idea that the individual can reach a state of ultimate salvation (nirvana) by escaping his/her material existence. In this stage the individual ceases to exist "as a sensate individual being" and is left on his own to work toward his/her own salvation, understanding that good is rewarded and evil is punished. The Buddhist temple is there to provide advice and information on all matters; but in the final analysis the individual stands alone "in a condition produced by his own acts and will" (Siffin, 1966: 12).

Following these precepts, Theravada Buddhist structures are permeated by looseness rather than rigidity, and the individual is allowed the freedom to follow the dictates of his/her conscience and to work out his/her own salvation. The same norms and traits characterize the larger Thai society (Wilson, 1962: 72–81; Ishii, 1968; Riggs, 1966; Girling, 1981: 135–137). Siffin encapsulates the importance of the synergical relationship Buddhism fosters between the individual and the social environment, saying that there is "no sharp, conscious distinction between religious premises and the premises governing behavior in the larger society, including the bureaucracy" (Siffin, 1966: 131).

Organizations are important as arenas where a Thai can achieve his/her goals. But the overall objectives of the organization are not the immediate concern of the individual member. Instead, personal goal definition of one's place in the organization, relations with superordinates and subordinates, and personal achievement and survival "are much more meaningful than assertions about substantive output, goals and abstract values as administrative efficiency" (Siffin,

1966: 132). The Thai bureaucrat "views his position as his personal possession that can be used to advance his and his clique's interests" (Morell and Chai-anan, 1981: 48). These observations are consistent with Vasirakachorn and Sylvia's more recent conclusion that the Thai bureaucrats' behavior and rules of conduct "are human rather than western-cultural" (1990: 173).

The difficulty of implementing Western administrative prototypes in Thailand is also augmented by another Buddhist concept, Karma. While pursuing salvation, the individual is encouraged to follow his/her own conscience, Karma places immense importance on the legitimacy and acceptance of the general social environment. It is perfectly acceptable for one to try to enhance his position, but "to attack the environment, to try to change the status quo, [is] not sanctioned by the premises of Buddhism" (Siffin, 1966: 13). In other words, Buddhism accepts change as long as change does not alter the fundamental premises on which social norms are built. Mosel, therefore, is correct when he observes that the Thai administrative apparatus resembles "a situation where the formal structure of government and administration resembles familiar analogs in the West; but where the administrative behavior occurring within this structure is largely a continuance of patterns antedating the structure" (1957: 278). Nakata's (1981) and Quah's (1990) more recent studies support Mosel's assertion. Clearly, Buddhism is a powerful force responsible for the inability of Western rationalist administrative practices to take hold in Thailand.

Eastern Orthodoxy broke with Rome, officially and permanently, in A.D. 1054, although a number of hitherto unsuccessful efforts have been made in recent years to bring the two churches closer together. In terms of sacraments and even doctrine, Orthodoxy stands close to Roman Catholicism. But there are some differences in doctrinal interpretation as well. Unlike Catholicism which recognizes the Pope as "the ultimate source on matters of faith," Orthodoxy believes that "only God possesses full knowledge" (Pollis, 1993: 351). As a result, the Eastern church asserts that nearly all decisions of the Ecumenical Councils are embodied in the Creeds and therefore there is no need for "innovation like purgatory, indulgences, the immaculate conception, or the bodily assumption of Mary." These Creeds were defined by papal encyclicals in Roman Catholicism following the Great Schism (1054). By contrast, the Orthodox Church saw no need "to exercise her right as a teaching authority," for the decisions of the Ecumenical Synods, as embodied in the Creeds, have taken care of these needs (Smith, 1986: 458-459). The last Synod was convened eleven centuries ago (A.D. 787.)

This inordinate respect for tradition, opposition to change, and "immense conservatism" were reinforced by the fact that the church had to operate under Ottoman occupation since 1453 with the fall of Constantinople (Ware, 1987: 100). Contact with Islam also influenced the church and weakened its ability or willingness to change. The independent nations that emerged in the nineteenth century, following the disintegration of the Ottoman Empire, carved out their own national churches. The Patriarch, still operating in an Islamic-dominated

society, was forced to recognize these churches. Thus, unlike Rome which is the doctrinal, religious, and administrative “nerve center” of Catholicism, Orthodoxy consists of a number of national churches with the Ecumenical Patriarch of Istanbul being nothing more than first among equals, with no real organizational or even religious authority.

Dogmatic interpretations, reinforced by tradition and historical realities, have been further augmented by the fact that Eastern Orthodoxy “has never made a sharp distinction between mysticism and theology; between personal experiences of the divine mysteries and the dogma affirmed by the church” (Lossky, 1976: 8). As a result, the Orthodox’s relationship with God is more direct. Instead of involving the community, as is the case in Roman Catholicism, Eastern Orthodoxy, says Huston Smith, “leaves many more points open to individual judgment than does the Roman” (1986: 459). For the individual “to attain union with God, in the measure it is realizable here on earth, requires continual effort, or, more precisely, an unceasing vigil of the inward man; the union of heart and spirit” (Lossky, 1976: 18). Thus, “despite the official neutrality of the Church in matters pertaining to the political realm, it is a significant socializing structure which transmits traditional values and cultural patterns while its very neutrality lends the weight of religious support for the prevailing social and political system” (Pollis, 1977: 7).

As in Buddhist Thailand, the influence of Orthodoxy in Greece with respect to the failure of bureaucratic reform is far reaching. The Western concept of individualism explains a person’s place and his/her relatedness to others and society. In the Greek (Orthodox) setting, the concept of individualism is “irrelevant,” and individual relatedness is determined by membership in groupings such as family, village, and local church. Values such as justice, equality, fairness, and uniform laws are highly regarded in the West, and their application is carried out independent of personal relationships. In Greece, by contrast, “objectivity and impartiality deflect from one’s personal obligations, the virtues to strive for are subjectivity and partiality” (Pollis, 1965: 31–32). As a result, the individual suspects authority, is reserved and cautious in his dealings with government, and takes actions designed to evade state policies, laws, and regulations. The administrative apparatus, being part of the state is seen in the same manner (Diamandouros, 1983: 45). Being a civil servant is viewed not in terms of service, community development, professional satisfaction, or career advancement. Instead, as a commentator caustically observed,

Greeks see the bureaucracy offering job security with little stress. It is a fact that today’s young people in Greece have a single ideal: a civil service career. This secures them a salary while stretching out on a comfortable arm chair in a state office, enjoying three day holidays (long weekends), long strikes; and satisfying their ego by inflicting hardship on the citizens. (Stratis, 1992)

Bureaucratic reform, though desperately desired and much talked about, has not been the concern of the individual Greek. That is left to “others,” which

inevitably leads to a tendency to look elsewhere for prototypes. The church-influenced education augments this by emphasizing memorization as opposed to understanding and critical thinking, theoretical but not practical knowledge, conformity and no innovation, and abstract perfection in the place of a rational and step-by-step approach to problem solving. These, and especially the latter, lead to an all-or-nothing notion, the idea that somehow there is a magic and perfect solution to every problem and that “God has us in mind.” The absence of critical thinking also leads to easy acceptance of plans (especially foreign-born ones) designed to remedy problems. But when these prototypes do not produce magic and instant results, they are abandoned as quickly as they were adopted. As in Thailand, administrative reform in Greece has had a difficult time and Orthodox precepts—unintentionally, to be sure—have had something to do with it.

Confucianism, the brainchild of Confucius or King Fu-tzu (born around 551 B.C.), is a religion or a code of ethics that concerns itself with moral behavior, social harmony, and good government. Like Buddhism and unlike Orthodoxy, Confucianism is secular in nature, seeking “salvation not in the hereafter, but in good works on earth” (Palmer, 1989: 332). Confucianism was a reaction to the social upheaval and disharmony that characterized China at the time and a rejection of “legalistic formalism.” Instead, Confucius preached “harmony” which emanates “only from inward uprightness, a sincere and basic feeling of mutuality with others” (Noss, 1947: 361). It is good men and not good laws that make good and responsible government. It is “instinct that holds the pack, the herd, the hive together” (Smith, 1986: 225).

According to Bruce Lincoln, Confucianism is “the religion of the status quo” whose core ethical values include “respect, humility, docility, obedience, submission, and subordination to elders and betters” (Lincoln, 1985: 269–270). In terms of societal and bureaucratic norms and values, this ethical edifice translates into “six value dimensions considered to be major components of the Korean value system” (Paik, 1982: 65). Thus, the “dominant patterns of Korean society and bureaucratic norms and values consist of submissiveness to authority; hierarchical view of life; collectivity (or nonselfishness); passivity (or non-participation); centralization of administration; tradition; ritualism, loyalty, and idealistic solutions” (Kim, 1982a: 132).

The net result of these attitudes is the emergence and propagation of what Yoon Woo Kon calls “authoritarian personality.” It is characterized by “a compulsive drive for power” but superficial job involvement on the part of top echelon bureaucrats, who, in turn, demand unquestionable loyalty and submissiveness from their subordinates. In return for their loyalty and obedience, lower level civil servants enjoy protection, patronage, and job security. These lead subordinates to avoid anything that might “jeopardize” their careers and perpetuate antiprofessional attitudes. “[The] Korean bureaucracy lacks professionalism,” asserts Yoon. “The status and prestige of a specialist in the bureaucracy as well as in the society as a whole has been inferior to those of the generalist.” The latter is deeply rooted in the Confucian maxim that society “must be ruled

by Confucian sages” whose knowledge is “based on classical learning.” Finally, personalized administration is another derivative of the authoritarian personality. Korean bureaucratic functions, “ranging from recruitment to execution of policy,” are based on personal relations and not on “prescribed law and regulations” (Yoon, 1982: 100–115).

Interestingly enough, the Buddhist moral virtues of patience, serenity, and tolerance, as well as its emphasis on restraint and escapism, “influenced the formation of passivity or submissiveness in the Korean collective consciousness . . . and reinforced the passive character of Korean psychology.” Taoism’s emphasis on harmony and submission to nature had a similar effect (Kim, 1982c: 128–129). Under the circumstances, it is no accident that the many efforts to reform, modernize, and westernize the country’s administrative apparatus have met with only limited success. “Without reforming or changing the Korean personality,” argues Yoon, the “fundamental solution of administrative problems appears to be [a] dilemma in the sense that the idea or a policy for problem-solving becomes a vital cause of another problem” (Yoon, 1982: 114). Even the much publicized anti-corruption measures of 1975–1977 and 1993–1994 fell short of a satisfactory level.

A PARTING WORD

Being products of their environment, bureaucrats are not immune to prevailing societal norms and individual behavior patterns. These, coupled with the natural tendency of organizations to thrive on continuity and to avoid controversy, exposure, and publicity, renders civil servants into “emotional defenders of a given order of things [and] do not drift naturally into the camp of change” (Morstein-Marx, 1973: 87). In the end, bureaucratic reform is “a personal matter between people who work together all day every day” (Caiden, 1969: 183). Religion provides the invisible lenses through which citizens and bureaucrats alike observe reality and has a telling, but not a clearly detectable, impact on their behavior. Yet its importance should not be deemphasized.

The demise of Marxist/Leninist regimes removed restrictions against religious activities in Russia, Ukraine, Romania, and other former Soviet bloc countries. Numerous religious denominations saw this as an opening to move into these countries to provide assistance and attract followers. The intrusion of non-Orthodox denominations into what are considered Orthodox territories stunned the Orthodox hierarchy. Under the leadership of the new polyglot Ecumenical Patriarch Bartholomew, and a somewhat less restrictive Turkish environment, the Holy See convened a conference in 1992 to discuss the matter. The Synod castigated the intrusions as unacceptable and pledged to fight back, although no specific steps were outlined. The challenges Orthodoxy is facing are profound. To confront these difficulties, the church may be tempted to become more assertive. Given its background and organizational structure, will the church be able to jettison the lull of tradition and conservatism and at the same time

maintain some of its distinct characteristics, as decentralization and individual relatedness to God? These served the church well in its times of peril by making it possible for Orthodoxy to be practiced while the official church was under siege (Greece under Ottoman rule and Russia under Communism). If Orthodoxy changes, which road will it follow, and what will be the short- and long-term implications? These questions cannot be answered at this point.

Similarly, Buddhism and Confucianism are also feeling the pressure of modernization and economic development. Will economic growth bring about the "Japanization" of the South Korean and Thai polities characterized by strong government-business relations? And what about the impact of the possible reunification of the Korean peninsula? Again, only time will tell. At the same time, administrative reform will continue to be a much debated subject in Greece, South Korea, and Thailand. Furthermore, would-be reformers would be well advised to personalize the benefits of proposed reforms to rank-and-file bureaucrats by appeals to the religious/ethical necessity of fundamental reforms.

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