

Public Administration in Times of Crisis

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Ladies and Gentlemen, it is a great honour, pleasure and privilege to deliver the NISPAcee Annual Conference's keynote address 2010, which is my last Annual Conference as a member of the NISPAcee Steering Committee, one decade after first speaking at such a meeting when receiving the first Alena Brunovská award in 2000. It is made particularly special for me that I can deliver it here in Poland, in Warsaw, as a guest of KSAP, the National School of Public Administration, a truly impressive beacon of civil service education. My academic home, as some of you know, is Estonia, and there has been an almost classic Estonian-Polish alliance in many fields. But as some of you also know, my ethnic background is German. And I must say that therefore, to be here in the Royal Palace, to stand in the re-created grandeur of the White Hall, and to look outside does not come, at several moments, without serious feelings of shame and regret that I cannot put behind me. I appreciate the way my Polish friends and colleagues, especially Minister Barbara Kudrycka and Director Jacek Czaputowicz, have welcomed me, and all of us, here.

"Public Administration in Times of Crisis," the topic of this Annual Conference, we chose at a NISPAcee Steering Committee meeting just before Christmas 2008 in Budapest, another of the great cities that defines what Europe really is. And someone said, "Well, we have to talk about the crisis," because the crisis was then so clear and present. But already then, others argued: "No, not the crisis! What if the crisis is over when we have the meeting?" We thought that in this case, the aftermath of the crisis would still be sufficiently interesting to merit discussion in the Public Administration (PA) context anyway, so there was no risk for us in this designation. Well, the crisis is of course not over, but in the meantime, there was a lot of talk that it was – especially just before the Greece disaster. Do you remember that? "The crisis is over." "There wasn't really any crisis." "There wasn't any impact." Now, indeed, in Poland, it is especially easy to assume that there was not much of

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a crisis, because Poland was and is doing so incredibly well. This is, if you will, the best practice, not only for Central and Eastern Europe, but for Europe in general. And indeed, it is interesting to ask why that is.

But in general, of course, the crisis has caught up with us, and there are only very few people who don't understand that what just happened in Greece and what is happening even right now in and concerning the PIIGS countries – Portugal, Ireland, Italy, Greece, and Spain (although Greece has an incomparable problem) – is part of the crisis. Even in the very optimal case, even if the funds spent by the EU and other institutions and countries are going to have the mid-term effect they are supposed to have, the necessity to recuperate this money one way or another will have an extremely negative influence on the global and especially European economy. If you don't call this a crisis, what do you call a crisis? So, PA in times of crisis, both regarding how to manage the crisis and how to manage ourselves out of it later on, is today still a timely subject indeed, more's the pity.

There are two facts, I think, that define the current crisis. The first is the sudden scarcity of resources. We are not living in times anymore when the state can spend a lot of money, and that leads to panic reactions, i.e. unwise harsh cuts of all kinds, that might not be helpful for getting out of the crisis. And the second fact is a massive foray of the state into the economy, a take-over of private banks, of companies, of the economic landscape, of economic policy-making, directly or indirectly; in short, increased state activity on a hitherto unimagined scale. And this is so, regardless of how the crisis will play out further.

So, in other words, we have a dual situation: On the one hand there is the issue of public debt, and thus a both rational and irrational strong interest in cuts and savings, and on the other, which one has to acknowledge even if one is not pro-state or pro-PA, because the state is so prominent (again) even within the economy, PA needs to be on a particularly high level. The money spent and invested must be managed by people who can manage money. Even if you don't like that the state manages the money, it does. So this is best done by people who are capable, who have the capacity, who are competent. That, I think, should be clear.

But it is not so clear to many, and even today, some of this line of argument is contested, and not only by the usual suspects from the state-hate crowd. Why is this so? Why aren't there more clear and straight-forward recipes from the PA science side, such as assembled in NISPAcee, to PA practice and politics as to how to counter the crisis? I have two suggestions of why this is not so easy.

First, science never has any clear answer – only expertise does. (Gadamer 1995) You sometimes even have problems in the natural sciences to recommend something to policy-makers – we heard earlier in the practitioners' panel about the pig flu vaccination, although medicine of course is not a natural science, but just looks like one. Still, you may have evidence-based medicine, but evidence-based PA is very difficult, because the effects of PA on the economy, on society are so difficult

to measure as it's such a large-scale, complex phenomenon, there are so many indirect effects, and you could never do a lab experiment and say: "Okay, we don't do a senior civil service, let's see what happens." We really don't have these kinds of proof, and our science-believing society wants proof – yet, we in PA can only say that we think something is the case, and what we call empirical proof usually isn't.

The second problem of PA is implied in the question of what reasons we have for undertaking PA reform to begin with. To fix a problem? That does happen, of course. But I would say that the main reasons why PA reform happens (and that is not exclusive to PA, of course, but very pronounced here) are:

Fashion	Ideology
Corruption	Problem-Solving

Problem-solving is only the fourth, the last and least. With **fashion** I mean, you reform the PA in a certain way because everybody does it. And your colleagues do it. And you are embarrassed at an international conference if you are not doing a website of a certain style, performance pay, PPP, or a one-stop-shopathon, or whatever is the flavour of the month. Everybody's doing it, so you do it too because that is, of course, peer pressure, that is what makes you active. Second, **ideology**. What is an ideology? A reduced worldview because you can't cope with the complexities of the world. (See Kaiser 1984) You believe that the state is good – the state is bad – something like that. And then you commit a certain reform based on that. In this sense, you would be resistant to any form of evidence anyway and can easily live with cognitive dissonances – that, almost, defines an ideology. Third, **corruption** in the loosest sense – just that you are for or against devolution, for or against giving powers to local governments because your party might lose in one of the cases, and not only because your nephew might or might not be the mayor. And that is already corruption: You do it for another purpose than the stated one and not in order to solve the problem. And finally, **problem-solving**, well, that is what we really want, of course, and what we get too rarely.

The last big paradigm, the one that is past in public management as we certainly know since the 2008 first Trans-European Dialogue of EGPA and NISPAce taking place in Tallinn (see Pollitt et al. 2009), was the New Public Management (NPM), which most people would describe in a nutshell as the transfer of business and management principles into the public sector. I would hold that empirical evidence does show that this is a paradigm that as a paradigm did not work, that it did not deliver. You didn't get more for less; you got less for more money. And

one key problem with NPM was that it was not the use of modern management techniques in the public sector, as often claimed, but of pretty old ones – I’ll get to that point very soon.

In Central and Eastern Europe, however, there were two additional reasons for the adoption of NPM, which I think was motivated by all four reasons just listed. The first: **Modernist Positioning**. The CEE countries needed to look “modern” and as good as the Western ones, in order to be well-positioned, not least as regarded possible EU accession. And the second one: **Dismissal tactics**. With NPM façades, you were able to dismiss people from the civil service that you otherwise could not have because you now had laws that prevented you from just firing people, but there were still holdover people you wanted to get rid of. And selling it as NPM, not as persecution, was a perfect way to do so. Neither of these two factors I would qualify as corruption, ideology or fashion, although those reasons also could, and did, play a part in reforms motivated by those two specific ones.

But back to the late NPM. This entire way of thought, this kind of business rhetoric, this focusing on efficiency gains and on streamlining and on learning from the big corporations and from a certain type of free market – what kind of rhetoric is that? What I would hold is that **the New Public Management is the Public Administration of the crisis**. Exactly the kind of *businessmen*-type bankers that drove the United States economy to where it went, employed, and sometimes still employs, this kind of rhetoric. Just listen to the prophets of NPM and compare this to the pre-crash bankers’ speak. That is how it looks, that is how it sounds, and that is where the crisis came from. Which is why you don’t solve the crisis now with NPM-style reforms such as the extreme cuts and savings, as some suggest – *au contraire*. To learn from big business how to do PA reform reminds one these days of the famous slogan that you noticed when you were driving through East Germany during the mid-1980s: “To learn from the Soviet Union means to learn how to win.”

Post-crash civil service, I would argue, needs to be competence-based; civil servants need to know what they are doing. They need to administer really well, and that means that they need to have a long-term orientation, as we know since a millennium, when the greatest Chinese theorist – and probably practitioner as well – of PA reform, Wang An-Shih, strongly argued against public sector performance review in shorter time spans than three years. (1058, 60, 74–75) Especially to get out of a crisis, you cannot say that you assess what people are doing after a year or even half a year. They must be able to be wrong. And they have to have a good deal of self-confidence, especially as senior civil servants, working eye-to-eye with business and finance magnates earning a multiple of them. Camus once said: “I don’t like anticlerical priests any more than philosophies that are ashamed of themselves.” (1999, 30) Senior civil servants who don’t like the state – that’s about the same in secular.

I would therefore argue that the future paradigm of public administration is what we call the Neo-Weberian State (NWS), a model developed by Pollitt and

Bouckaert, as you know, in the second edition of the *Public Management Reform*, the main textbook used in Europe. (2004) What the NWS implies is that there is an amalgamation with and on the Weberian basis of the important achievements that NPM doubtlessly had. Ladies and gentlemen, no-one that I know of would argue for going back to a truly, I would say pseudo-, Weberian legal-based public administration. That is a paper tiger. That doesn't exist – well, maybe outside of the circles of some administrative lawyers. But everyone knows that today you need (genuine and contemporary!) management techniques, that you need output orientation, that you need project management, that you need citizen participation, and so on. So, one should not throw out the baby with the bathwater, as the saying goes, and one should remember what one can really learn, and retain, from NPM – it is not little.

Oh, and by the way, ICT and e-governance enforce the Weberian and the Neo-Weberian State. There is no marriage of NPM and e-governance; they just started at the same time. The Weberian State is very much about a writing culture, and as you know, because of ICT and especially because of the Web 2.0, people are writing more and there is more stuff written than talked about, than ever before. People are not on the phone but they are posting on Facebook. We are not moving away from a writing culture – we are moving towards a complete culture of, as it sometimes seems, eternal records.

So, am I suggesting that people who have pushed NPM should now say they are sorry for doing the wrong kind of PA? Well, obviously not. In the 1980s and 1990s, this was the main thing to do, most experts were thinking along those lines, and many people promoted NPM, not out of evil, but in order to really improve the state, to get over what Klaus König has called the crisis of the administered welfare state (e.g. 1997).

But what kind of management is NPM really based on? When the Wall fell, in 1989 or 1990, the German historian Hans-Ulrich Wehler participated in a panel discussion at the University of Berlin, which I saw, and in which he said a very interesting thing (I quote from memory; no reference): “The problem with you guys in East Germany is you haven't done too much Marx, you have done too little, you've never really studied that.” And the people were really upset to hear that. Along the same lines, I think it is safe to say that NPM embodies not too much economics and business administration in PA, but too little. There is no modern management theory in NPM. We should look at what we can really learn from business and economics and develop a toolbox based on what now is really done there, what the people in business administration can tell you, and how much can we do on an evidence-based level to the limited extent that this is possible. Especially in times of the crisis, we as PA scholars have the duty to really look at what works, in as un-ideological a fashion as possible.

Let me address a few examples of holy cows of NPM that are still advertised today, often enough as crisis remedies, but that are utterly discredited economically or managerially. **Performance pay**, oh, how chic is that? Everybody does that, still. But the crisis itself has shown that one can't have performance pay for the senior civil servant because if it goes by performance indicators, it will tend to satisfy those, but a senior civil servant needs to be a person who can react towards events that cannot be foreseen. That's just one aspect – as Larry Lynn pointed out during the TED1 discussion in Tallinn, one can even go as far as saying that if any concept in the social sciences is disproved, it is that of performance pay – and yet, it is politically pushed and implemented. (Quoted in Drechsler and Kattel 2009, 98)

The second example: Efficiency gains through **larger units**. If you put administrative units together, be it cities or departments, you get efficiency gains, always. Do you? Do you? Where is the evidence? You really do? Actually, no – it depends on the tasks, first of all. There are no automatic efficiency gains, as any economist can tell you, if you put administrative units together. Yes, there might be, but you need to analyse that beforehand. You need to see: Does it really? If you just amalgamate units, it may be more efficient, it may be less.

And finally, maybe my favourite – **downsizing**: reducing the civil service in order to have efficiency gains. Well, it only leads to efficiency gains if the civil servants are just wastrels and don't do anything. Let's think about that: If you have a productive unit that brings in more money than it costs and you fire them, was that efficient? So you have to show that there is waste to begin with. Yes, there often is a waste. And then you need to deal with that, but not to just dismiss as such. Learning from business – how does it look? How does shareholder value, how does the price of stocks of big firms when these announce that they will have major layoffs? Do the prices go up? Do the prices go down? Actually, it seems that usually, prices stay the same or go down. The stock market doesn't honour it if you dismiss people on a large scale. (Surowiecki 2007) If this is so on the stock market, why should you have efficiency gains if you fire people in the public sector? You may, you certainly may. And often, it's really necessary (the Greek case comes to mind). But right now, we have this cult of just firing people in the civil service in order to save money. Yes, you may. Maybe not.

And now for my most controversial point. We all know what we all have to say about PA reform. Is it really always true? If we all believe it, may it not be a cliché? “Every problem has an easy solution, and it's wrong,” as the famous saying goes. Modern PA, efficient PA, innovative PA – don't we all want PA to be modern, to be efficient, and to be innovative, especially in times of crisis? I would say no. I at least don't want PA to be modern, efficient and innovative (or at least, I think those catchwords might be counter-productive). Why?

Modern PA. Well, what does modern mean? Modern? Why do we need to be modern? Modern means, maybe, “in line with the times,” but otherwise? Usually it

just means “new” or “recent.” If you have a new, chic, hip PA solution that does not work and costs more and you have an old, traditional one that works, why not keep that? What needs to be modern about PA? What we need is appropriate PA, PA that solves the problem at hand, PA that is in line with the given task. Very often PA needs to modernise, sure. But modern as such, is this a positive thing? In fashion maybe, in PA, not necessarily. Lord Falkland’s famous statement, “When it is not necessary to change, it is necessary not to change”, is not the same as the famous American adage, “If it ain’t broke, don’t fix it.” It’s more than that. If you don’t need to change, don’t change. If you don’t really know that you get efficiency gains, don’t do it.

Efficient PA. Well, of course, in times of crisis, to have efficient PA is nice, but the crucial thing is to have effective PA. The first question is, again, whether something works. And the second question – not an unimportant one – is whether this is done with a minimum input of resources. Not cheaply! Efficient does not mean cheap, that is really important. Efficient means with a minimum input of resources to accomplish a certain goal. If you don’t accomplish the goal, if you are not effective, you cannot be efficient either.

Innovative PA. What is innovation? We all like innovation. That is a term coined by the Austrian-American economist Joseph Alois Schumpeter, and it means to introduce a new product or service or management technique or PR or anything like that into the market successfully. If you don’t put it into the market successfully, Ladies and Gentlemen, it is not an innovation. (Schumpeter 1924) For the economics’ sphere, innovation is crucial, because for several reasons outlined by Schumpeter and developed over the decades, if you don’t innovate, you usually lose altogether, on the corporate level and on that of the economy. For PA, however, you don’t need to be innovative at all – the only demand is that what you do works; there is no reason why it should be novel. Genuinely innovation-friendly PA is about promoting the innovative economy, not about looking innovative, or claiming to be. Rather, we want PA that helps the real businesses and the real economy to develop with no matter what solutions, as long as the solutions are there. The task of PA is not to be like the economy but for the economy. And this is also, by the way, what in my experience all business people and all big economic leaders tell us. And this is especially non-trivial and indeed crucial now because only innovation-based economic growth presents Europe with a realistic option for economic growth that seems to be the only way to get out of the crisis by indeed making the money that we’ve spent on crisis remedies already. Calling something innovative that isn’t, inflating the term, and obscuring the need for the genuine support of real innovation spells disaster for our times.

So, appropriate, effective and innovation-friendly PA is anyway the better PA, but all the more in times of crisis:

Modern PA	→	Appropriate PA
Efficient PA	→	Effective PA
Innovative PA	→	Innovation-friendly PA

Having said that, let me retract a little, at least in part. As I said, efficiency is actually good, if rightly understood and if it is realised that effectiveness is primary. And I agree that sometimes the word “modern” and “modernisation” is valuable and that we need that occasionally as a selling label for whatever PA reform we would want (for good reasons, i.e. problem-solving, of course...). But innovative PA? No, no, no. As I said, the concept is not only wrong, it is extremely dangerous, especially right now.

Well, but don't the people mind? Don't we get in the polls always that they want modern, efficient and so on PA, and PA reform? Well, first of all, whining about PA is universal, but in reality “the people” don't really care too much about our field, which they even find proverbially dull. But in any case, and decidedly here, too, there is a problem with government by polling. The same people that tell you that they don't want a big state are the ones who want optimal care by the same state. The same people that say that they don't want to have any government bailout packages want to be bailed out personally. It is always the same. If you ask the people: “Do you want to have absolutely free healthcare”, 80 % say yes. And if you say then, “Well, do you want to pay 10 % more taxes”, 90 % say no. (Surowiecki 2010; figures as illustration only) The art of politics – not of policy – is how to resolve that tension. But just to say about something: “Well, the people want it according to the polls,” is again almost a non-statement.

But what can our answer be as PA scholars to the kind of problems created by fashion, by ideology, by poll-based politics, messy definitions and faith-based PA reform? NPM is in many parts of the world and of society, maybe not on the intellectual level but in practice, still very powerful, crisis or not. Well, I suggest that in the end, one of the things we can do and must do is heed the admonition of “*sapere aude*,” dare to use your own mind – let's not be beaten by clichés and do our best, in our field, that others aren't, either. If we think very hard, we often can get to an answer. It's an old Latin motto as it has been interpreted by Immanuel Kant. (1784) I noticed with great pleasure that in the classes of the civil service here at KSAP, the fourth year (1994–1996) chose *sapere aude* as their motto, although it was based not on the Kantian but on a classic Polish interpretation in the true spirit of the Enlightenment.

This may be very difficult – if you look at Greece, to say we have to fire everyone, almost, in the civil service seems kind of obvious, a knee-jerk reaction. But is it really? Let's look, and let's look at who exactly should get fired, and who, if anyone,

should replace them. As such, and aberrations notwithstanding, it is in the end, the civil servant, even the little civil servant in the cubicle, sometimes not with the best kind of tie and the best kind of ideas, who is a bulwark against chaos and against a life that can be nasty, brutish and short, and it is something that one and they should be proud of, rather than embarrassed. The vision of the bad, ruined, poor, violent *polis* is very real. In addition, Wang An-Shih answered the perennial charge against too many civil servants thus, and perhaps also in parts perennially: “It is true that the number of officials engaged is extremely large, but even when they were fewer and salaries small, the national Treasury was still short of funds. The matter of official salaries is a comparatively negligible factor anyhow.” (1058, 65–66)

Nor is good PA anti-market, market being such a dear concept for so many of us in CEE: As Miguel Centeno, the great Latin America expert from Princeton University, who has worked on how much you need PA in Latin America in order to succeed, has stated, “No State, No Citizens, No Market.” (2007, 71) And PA very largely is the state in action. You don’t have a free market, you don’t have a citizen culture without a state that sets and guarantees the rules – at least that.

It is our task, then, now more than ever, to think hard about what should be done in PA so as to get out of the crisis faster and better – un-ideologically and without paying respects to maybe beloved clichés, but focusing on what we know, or at least think with good reason, does really work. The question in PA is not whether something is new or old (or seems to be), but whether it works, and the challenge is to live both with uncertainty and some unpopularity, which however in our field is anyway unavoidable, and so we might as well do the right thing. In the end, fashion will follow anyway, at least probably. To walk this way is something that in an environment like NISPACEE’s Annual Conference and KSAP, we can certainly accomplish, and even particularly well. We can think hard about the challenges and possible solutions, discuss them, and we can come to some good solutions in the working groups, in the plenaries, and also in the coffee breaks. I hope and am sure that we will. Thank you very much.

Note: This keynote lecture is based on previous published research (most recently Drechsler 2009a; also, e.g., 2009b, 2008, 2005a, 2005b, 2004, 2001; research was partially funded by project no. 7577 of the Estonian Science Foundation ETF) and relied heavily on the presentation both in word and illustrations; the version as presented can still be viewed at <http://www.ksap.gov.pl/ksap/content/view/461/10/> (last accessed 1 June 2011). Therefore, the current version is based on the transcript and fully retains the lecture style. However, since the addition of illustrations – contrary to my Alenà Brunovska address from a decade ago (Drechsler 2001) – was impossible in this case, image-bound passages were deleted; some editing also removed or added other segments for the sake of clarity and argument. References are only to direct quotes (except common sayings) and to directly borrowed ideas that needed to be acknowledged; other references are to be found in the texts mentioned above, which also contain more

thorough arguments regarding the issues dealt with here, where I generally give just one or two example reasons for most judgments and observations.

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