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I. Introduction: the great adventure of reforms in ECE

1. Theoretical considerations – the conceptual frame. The proper assessment of the East-Central European (ECE) political and administrative reforms and their perspectives presupposes a conceptual frame suitable for their particular conditions, actual timing and concrete stage in the Europeanization process. On the mental map of the current European developments in the former EU member states (EU15), as a conventional wisdom, there have been some conceptual misunderstandings or misnomers concerning the new member states that can bias the assessment of current reforms. First of all, the mainstream literature in the West tends not to recognize the post-accession crisis as a new phenomenon in ECE, which has been provoked by the dual pressure of the entry into the EU and the missing social consolidation. Therefore, it is necessary to clarify the basic conditions under which the ECE reforms have taken place and to set up the special conceptual frame within which the description and evaluation of the ECE reform process takes place.2

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2 This paper is a short summary of my writings on the ECE reforms (see References). The focus of this research has been “complying with Europe”, i.e. the necessary transformations in ECE due to the Europeanization process. The public administration reforms in ECE have been discussed in a rich literature, for instance Crawford and Lijphart 1997; Dimitrova and Toshkov 2007; Goetz and Margetts 1999; Goetz 2001; Goetz and Wollmann 2001; Grabbe 2006; Nunberg 1999 and 2000; Lazareviciute and Verheijen 2001; Lippert and Wessels 2001; Meyer-Sahling 2008; O’Brien 2006; Pridham and Ágh 2001; Pridham 2008; Verheijen 2001 and White et al. 2007. The Europeanization of the political institutions proper would be an interesting topic but I do not deal with it in this short paper; I refer only to the recent seminal papers of Ladrech 2007 and Poguntke et al. 2007 on the Europeanization of the parties.
2. *The institutional reform cycles in Europe*. Coming down from the sky to the earth, the reality is that the reforms are hardly success stories throughout Europe. Institutional reform cycles come in 20–30 years, although not simultaneously but at different times in all developed countries. They do not all move at the same pace, for instance the UK was lagging behind for a long time in the post-war period, then it became the most reformed country, at least according to its own PR. Germany was reformed in the sixties and had serious difficulties in the nineties, coping with the radical reforms in the 2000s. The recent reforms have been slow and painful everywhere in Europe. The best cases are the consensual democracies of Northern Europe, while Italy and Greece are just the opposite, with success stories in Spain and Ireland, and with a very slow, long reform process without a real national consensus so far in France. In any case, the painful domestic reforms have moved ahead in the individual member states and they have pushed for the reform of the European governance or, vice versa, European governance has induced deep reforms in the member states. In this respect, the reform processes are not unique in the ECE countries but they have to face problems very similar to those in the West (state overspending, aging society, retirement schemes, health care regimes, lifelong learning and oversized, ineffective public administrations etc.).

3. *The over-generalized common features of globalization*. Globalization is usually a mental trap, since seemingly all countries face the same problems, so they could have a common recipe, “one size fits all”, as has always been the slogan of the international financial organizations (IMF, WB), which has caused a lot of damages in the design and execution of reforms. Although the philosophy of managing global problems changed basically from the idea of the “lean state” to the “effective state” in the late nineties, in the 2000s there has been a need for a further, additional change of paradigm: (sub-continental) *regions matter* and the country’s regional specificities have also to be taken into consideration because the given stage of development and the regional cooperation matter a lot (see Telo 2007). The ECE countries form a regional group, taking experiences from the West and offering experiences to the Balkans and Eastern Europe. Thus, for a proper analysis, one has to find the narrow path in comparative politics between the common features of the EU countries and the regional and/or country specificities of the ECE member states.

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3 These mutual reforms have been described e.g. by Bernhagen and Marsh 2007; Cini and Burne 2006; Falkner 2000; Falkner et al. 2005; Goetz and Hix 2001; Holzhaecker and Albaek 2007; Kohler-Koch and Eising 2007; Knill 2001; Schimmelfennig and Sedelmeier 2006.

4 I have always been against over-generalizing about the 28 “post-communist” states in what I call the “Prague-Vladivostok hypothesis”, which means that this huge area would be basically the same in the democratization process. Therefore I restrict my analysis as usual to the East-Central European region.
4. **Beyond the institutions: a complex approach needed.** The usual institutional approach is very good to assess this transformation process and the present reform capacity in ECE but it has two weaknesses. First, it neglects the socio-economic changes with their huge social conflict potential that has created “roadblocks” to reforms. Second, the cultural-psychological factors also matter, since after two decades of permanent change, the “reform fatigue” makes all reforms terribly difficult. Thus, beyond the analysis based on historical and sociological institutionalism, these two other important factors have to be taken into consideration to evaluate the reform capacity in ECE. The ECE governments have tried to carry out radical reforms but they have met a big social resistance, since the living conditions are still poor for the large part of the population as the absolute or relative losers of systemic change (see e.g. Tang 2000 and Berend 2007). The “silent” majority has lost their patience, thus they are not silent any longer, and they want better life instead of a stream of new reforms. The final result is the split between state capacity and social capacity, which may jeopardize the reforms. The readiness or resistance of the population is an important part of the reform capacity; without this factor the institutional analysis may remain only on the surface because the reasons behind the particular actions cannot be discovered. The ECE governments – and the whole countries – were overwhelmed in the nineties with too many transformations in their economies and with the basic changes in the state functions. Hence, at the beginning, they were not able to start new radical reforms but later on, they were less and less brave to undertake these measures, since they knew that it would lead to failure at the next elections.

5. **Treasury of the ECE reform experiences.** Since the late eighties, the ECE experience has been that political leadership, personality and innovative reform elite matters, with reform courage on the part of the leaders who are willing to take risks in their political career. All reforms comprise

1. a **legislative package** (with a policy register behind what has to be reformed) to design and implement the desired reforms,

2. a **reform architecture** as a system of institutions to carry out and manage the reforms (the basic institutions set up for reforming the system of institutions as a whole)

3. a **reform management** (as social engineering with a strategy) by the given reform elite.⁵

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⁵ Between 2002 and 2007, I was the president of IDEA (Integration, Democratization, Europeanization and Autonomy), which was instrumental in the Hungarian public administration reform, so I also refer here to some practical experiences in carrying out public administration reforms.
The ECE reform agenda with its synergies and conflicts between policy regimes and political systems as its strengths and weaknesses – opportunities and threats can be summarized as follows:

1. There has been a separation of the political and administrative systems in the ECE democratization process but its contradictions have reproduced the politicization of the public administration to a great extent.

2. The ongoing Europeanization of the national systems in the new member states have led to a duality of the Europeanized and national regimes in both political and administrative systems with various national styles in the ECE countries.

3. The performance of the national political and administrative systems has been tested as the absorption capacity of the EU transfers in the newly created developmental institutions with the criteria of effectiveness, efficiency and efficacy.

4. The transition from cultural codes to policy packages, from “ideology” to modernization has not yet taken place, so the popular feedback in the national systems at the parliamentary elections has still appeared as symbolic political action and not yet as issue voting.

5. National administrative systems are still in the making, so they have shown very marked signs of birth pangs, i.e. huge institutional and human capacity deficits, but they have proven to be more or less successful in the early membership period. The perspectives for the early consolidation in ECE are relatively good but the “backsliding” cannot be ruled out yet.6

II. The Road Map of ECE reforms

1. The ECE “deficit democracy” and confronting the EU requirements

The most urgent problem “externally” for the new member states after having reached the formal membership is how to develop it into an effective membership. It can be paralleled “internally” with the transition from “politics” to “policy”, since the transition from EU compatibility to EU conformity brings about the completion of the democratic institution-building in order to produce a new system of institutions with high performance. In order to start its systematic analysis, one has to outline first that these new democracies with their achievements and specific deficiencies are “deficit democracies”. There are many institutional and policy deficits, which are two sides of the same coin. Beyond the inherited deficits from the remote and recent past as the “absolute” deficit, the entry into the EU has raised many new requirements, such as building new institutions and importing new policies, i.e. getting integrated into European governance, which is a new,  

6 See the special issue of the Journal of Democracy with the papers of Bútora, Greskovits and Rupnik 2007 and also Goehring 2007.
“relative” deficit. These two effects have caused the general crisis of the emerging democratic institutions in the asymmetrical and fragmented democracies that will be analyzed below in some detail.7

Turning to a more detailed description, the starting point is, again, that there have been two reform waves in ECE. The first major institutional reform wave in the early nineties was the constitutional reform radically changing the political system as a whole and carrying out the basic democratization measures. Thus, the Great Transformation as the first generation of reforms has brought about a stable system of democratic institutions. This first reform wave as a profound transformation of institutions designed by the early democratic constitutions was finished by the mid-nineties. In the first reform wave, the four parallel processes – namely the “triple transition” of political, economic and social transformations, and the nation-building – have to be taken into consideration as basic tasks of democratic transition. Through the quasi-completing of the macro-institutions, it created the first institutional deficit in meso-governments, since it regulated the macro-political system in great detail but left meso- and micro-politics mostly unregulated. Thus, the first reform wave has produced an asymmetrical democracy with a well-established and extended macro-political system on the one hand and with a weak meso- and micro-political system that has only low institution density on the other.

Due to the economic crisis management with fiscal recentralization, the second reform wave in the nineties was not successful at breaking the exclusive power of the centralizing state in its first attempt. After this failed first attempt, the second reform wave, however, has come back within the EU, and the ECE countries have tried to cope with its tasks in the second attempt of completing the institutional reforms. The second generation reforms are necessary in all democratization processes in order to move on to the tasks of fine-tuning in the final institutionalizing of the reform process. The main components of second generation reforms are the institution-building initiatives aimed at good governance and at the citizens’ increasing input into the policy-making process. The quest for good government includes the creation of a more professional civil service, the modernization of local and/or regional self-governments, judicial reforms and the establishment of a more constructive dialogue with civil society.

The concrete itinerary of institution-building has been determined by the internal nature of the institutionalization process, going necessarily from the transformation of macro-politics through meso-politics to micro-politics. In this respect, the first stage dealt with the constitutional arrangements of the relationships between the major power sub-centres of parliament, president, and government, starting with the regulation of parliament itself as the mother and model institution.

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7 I apply here the distinction between deficit and defective democracies. Deficit democracies are stable democratic system with some transitory features and defective democracies are semi-liberal or illiberal regimes (see Merkel 2004).
of “parliamentary” democracy. The second stage is the transformation of government, its reorganization and the modernization of the central government machinery (ministries) with the entire state administration, also in its connections with the functional or “private” governments of the major interest organizations. The two institution-building processes above were more or less arranged by the first reform wave. The third stage, however, concerning the so far relatively neglected or just abstractly regulated sector of the meso-governments, local self-governments and civil society associations, was supposed to come to the fore only afterwards in the second wave that failed in the nineties. Thus, this task of institution-building in meso- and micro-politics has come back in the 2000s in order to create the social capacity for Europeanization.

These three stages of institution-building, of course, can be separated only analytically. In the real world, they have run parallel to some extent and/or overlapped to a great extent, but the focus of institutionalization was clearly changing between them, which delineates this itinerary of democratization unambiguously. The obvious internal logic of democratic institutionalization is that the macro-political institutions can and have to be shaped first, before those in meso- and micro-politics, since the latter can only be articulated in a political space more or less already arranged by the macro-political institutions as parliament, president and government. This asymmetrical institutional building has reinforced the traditionally centralized character of the ECE political systems. The constitutional arrangements have stipulated the legal autonomy of the meso-governments of social and territorial actors and that of the micro-system of the organized civil society. But these two weakly institutionalized sub-national levels in their actual relationships to macro-politics have kept up the strong financial and political dependence on the central state, and this institutional deficit has not yet allowed for “good governance” with high performance of the new democratic polity.

The ongoing, painful second-generation reforms in the 2000s are the way of coping with the twin challenges of the post-accession phase and early consolidation. After the anticipative Europeanization, the adaptive Europeanization began in 1998 with the accession negotiations, and it raised the need to overcome the “relative” institutional deficit by building the EU-related new institutions. The demand for EU capacity with an increasing stress on implementation and effectiveness has jointly appeared with the requirements of democratic consolidation. Namely, in democratic transition, the main task was to democratize the whole society and to establish the constitutional state. In democratic consolidation-cum-adaptive Europeanization, the performance of these institutions as modernization, i.e. the improvement of the quality of democracy comes to the fore. It is not enough any longer to “import” an institution from the West; the major issue is how it can work properly or efficiently as “good governance” in the EU or in “European governance”. For the full implementation of the acquis, it was not the political will that was missing in ECE
in the early 2000s but the administrative capacity to domesticate and implement them properly.

Adaptive Europeanization as a detailed regulation should proceed not only in the general spirit of democratization but of necessity according to the very detailed regulations of Europeanization, moving, so to say, from the “economic” through the “political” to the “social” Europe. The EU membership has made evident that the new member states are still deficit democracies, since the EU requirements have demanded the accomplishment of institution-building – the NUTS system in particular and multi-level governance in general – that has been postponed to the post-accession period. The “missing middle”, i.e. the very weak institutional meso-structure or meso-governments, is a historical tradition in ECE that has not yet been overcome in the democratization process. What is more, it has been aggravated and become imbalanced by the rapid growth of the institutional macro-structure. In general, the ECE countries still have a weak institution density and only a half-developed “civicness” as an organized civil society at the micro-level. No doubt, these problems have also been the ECE countries’ built-in weaknesses that bring with them the main negative features of the immature democratic consolidation.8

The Copenhagen criteria already emphasized “the candidate’s ability to take on the obligation of membership”, i.e. in a shorthand, the EU capacity. This obligation of membership should not be reduced to the readiness to accept the EU regulations and new policies but it includes also the “ability” to implement them, therefore the EU capacity has both institutional and policy aspects (institutional fit and policy fit). The divergence between the formal and substantial institutionalizations was detected by the European Commission because the legal harmonization showed the “implementation gap” between the formal rules and non-adequate practices. Yet, among the parallel processes of institution transfer and policy transfer, the former was easier and more regulated as a “hard” requirement that was mostly tied to the first institutional reform. In the accession process, the EU focused upon the institutional developments, therefore the institution transfer was the easiest way to cope with this task in ECE. Policy transfer with its much more complicated “soft” requirements has come to the fore much more in the post-accession period, and it has been closely connected with the second wave of institutional reforms aimed at completing the democratic institutionalization on the meso- and micro-levels. Without radical decentralization-cum-regionalization of public administration, the ECE countries may not yet be ready to absorb optimally the EU transfers as has so often been argued by the old member states in the debates about the new Financial Perspectives (2007–2013) (see first in Keating and Hughes 2003).9

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8 The ECE institutional systems have been assessed as not proper enough for the Lisbon targets several times by the EU, see recently Barysch et al. 2007.

9 It is interesting to note that even the most developed accession states in the EU enlargement history, the Nordic states, had to cope with some kind of post-accession crisis, e.g. they also first developed a “dual bureaucracy”, see Damgaard 2000.
III. The particular conditions in Hungary for the hectic reform period

In Hungary, there was a long historical tradition of importing-copying-domesticating Western models and institutions, and it worked in the late eighties in Hungary very well. The institution and policy transfer, however, with the happy domestication of Western models and through elaborating their Hungarian varieties stopped working later in the mid-2000s because of the pressure of Europeanization was too high and reform fatigue set in. Afterwards, the political polarization has produced an opposition turning against reforms and the EU models and turning back to social and national populism as a past-oriented navel gazing (the Glorious Past that Never Was). Thus, the radical reform started in mid-2006 with great difficulty. The reform has begun as a top-down strategy to build state capacity, and its fate as the sustainability of reform depends on whether it will be continued with a bottom-up phase by mobilizing the social capacity. In general, the government’s strategic capacity and strategic planning has improved to introduce and carry out radical changes, advancing from one step to the next in modernizing the political system and the policy-making process from legislation to implementation.10

The breakthrough to the reforms came in June 2006 when the new Gyurcsány government stepped in and took the risk of launching the radical reforms. In order to explain the reform dynamics, first the starting conditions as the “prehistory” have to be outlined – how to arrive at the pressing needs of the present reform. Hungary, like all ECE countries, is in a post-accession crisis nowadays, which has produced the second big social crisis in Hungary in twenty years, since the first was provoked in the early nineties by the beginning of systemic change. Correspondingly, in recent Hungarian history, there have also been two reform challenges with two reform waves. Hungary was a pioneer in the first reform wave as early as the late eighties but suffered the same stalemate as the other ECE countries concerning the second reform wave in the nineties. It has brought a cumulated task for Hungary to cope with the backlogs of the missing democratic institutionalization and the new demands of EU-related institutionalization at the same time. The main question is whether there will be a breakthrough now by completing the process that can be called a move from the simple EU compatibility to the EU competitiveness.11

The real turning point is May 2004 with the entry into the EU, which had almost coincided with September 2004, the inauguration of the first Gyurcsány government. Thus, discontinuity and continuity have to be carefully combined at both the EU and domestic levels. On the one hand, there was also a sharp discontinuity with the entry into the EU in the decade-long continuity of the Europeanization

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10 About the political polarization and the rising populism in ECE, see Meseznikov et al. 2008.
11 This brief assessment of the Hungarian reform has been based on my country report on Hungary for the Bertelsmann Transformation Index (2008).
that changed the domestic conditions drastically. This discontinuity has radically reinforced the pressure for reforms within the EU that has provoked the post-accession crisis. Therefore, the reform process has to be analyzed against the background of the post-accession crisis. The entry into the EU has necessitated the reforms and represented a terrible reform challenge, with some direct EU requirements – first of all with the EU convergence programme – as well as with the indirect but very wide and powerful pressure for EU adaptation. The EU membership has significantly worsened the domestic conditions for a radical reform in the short run, although it has facilitated them in the mid and long run. A large part of the Hungarian population has been frustrated by the consequences of the EU membership, and Hungary has become one of the most pessimistic countries of the EU. According to the Eurobarometer 69 (2008), only 39 per cent of Hungarians have a positive image of the EU, and only 32 per cent think that the EU membership is a “good thing”.

On the other hand, there was also a long period of continuity between the two subsequent Gyurcsány governments combined with a discontinuity, since the first Gyurcsány government had not enough time before the election to start radical reforms. This was the period when the necessity of the reforms was recognized, yet beyond the so called “hundred steps” – small reform measures after April 2005 –, the basic reforms were still missing. However, in June 2006, a hectic and stormy reform period began in Hungary, since with the second Gyurcsány government, a sharp turn occurred and the radical reforms were put high on the agenda. In late May 2006, after having won the elections, the prime minister said at the first meeting of the Hungarian Socialist Party (HSP) faction that “nothing has happened to Hungary in the last sixteen years” meaning that no real, profound reforms had been passed after the former stormy period of reforms in 1988–1990. So he declared at this conflictual meeting that a new reform period would come again and assumed the obligation that his own political career would be closely connected to the success of this reform; thus, political leadership and personal political commitment were given.

Consequently, the reform period came not before the April 2006 elections, i.e. during the first Gyurcsány government, but after these elections, during the second Gyurcsány government. The government had a very quick start in 2006, first of all in the first three months before the Summer period, but the legislation until the end of the year 2006 was very hectic. As to the legislative package after June 2006, the second Gyurcsány government launched a very intensive legislation process both at the level of parliamentary legislation through legislative acts and through government decrees and decisions. In a very short period, about seventy legal regulations were passed; this was a quick start, indeed. As to the reform architecture, the new structure of the Gyurcsány government had as its two institutional reform pillars

12 The same figures are for Poland (58–65), for Slovakia (53–57) but for the Czech Republic only 43–48, see Eurobarometer 69, 21, 24.
the State Reform Committee (ÁRB) and the Development Policy Steering Board (FIT). The basic document of reforms – *The New Hungary Development Plan* – was published in October 2006.\(^\text{13}\)

At the midterm of the government cycle, the political fate of the reforms may also be questionable in Hungary because of the sharp political polarization and tough resistance of the opposition to institutional reforms. History proves, in general, that the stormy, revolutionary periods and the more relaxed, evolutionary periods or the consent and dissent periods follow each other. It is true that there is still only a negative consensus regarding the necessity of reforms that can turn, however, into a positive consensus after the first successes of the reforms. The same may be the case in all ECE countries.

**IV. Conclusions: further reforms ahead**

The ECE polities as deficit democracies have some characteristic features in the early 21\(^{\text{st}}\) century that can be enlisted below in a nutshell:

1. ECE countries have a consensual constitution, but they have developed a majoritarian decision-making practice that has resulted in a political polarization, which has proved to be the biggest obstacle to the reforms.

2. The unfinished democratic institution-building has created a fragmented and asymmetrical system of institutions in which social and territorial actors and their meso-governments are rather weak.

3. There is a split between procedural and performance democracy, or between democratization and modernization, that has led to a performance crisis in the new democracy as yet with a missing transition from “politics” to “policy”.

4. Deficit democracy has developed two faces; namely, the absolute deficit leads to missing/weak institutions as a historical legacy, while the relative institutional deficit indicates the new need for the EU-related system of institutions.

5. ECE countries have met the basic institutional preconditions by becoming EU-compatible but not yet EU-conform, i.e. not yet competitive enough, since they have not yet reached the complete and effective membership.

6. The main stages of Europeanization, the anticipative and the adaptive periods, have not been able to produce a breakthrough in the institutional reforms that

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\(^{13}\) As far as public administration reforms are concerned, the incumbent Hungarian government presented a draft bill on regionalization for creating elected legislative regions in Hungary, but this bill was voted down by the opposition in June 2006. Earlier, there had been an attempt to overcome the extreme fragmentation of settlements – there are 3,200 independent settlements in Hungary with their own public administration – but this had also been denied by the opposition, and both bills needed two-third majority.
has been left for the post-accession period leading to a deep socio-economic and political crisis.

7. For a strategic vision, the present post-accession period with complete membership has to be followed by a take-off period that would speed up the catching-up process in the EU in order to follow the Irish or Spanish model.

Altogether, the ECE situation contains a deep duality between high marks for (the procedural) “democracy” and relatively low marks for (the effective) modernization. ECE countries are democratic states with a relatively low performance in their workings that also undermines their democratic character at some points, since the democratic rights and features cannot be fully functional or implemented. The same duality appears between the relatively high state capacity and the relatively low social capacity, so the increase of social capacity will be high on the agenda for the coming years in the spirit of the Lisbon Strategy. Finally, the ECE countries can only be successful in their EU adaptation and catching up process if they overcome the conflicts between policy regimes and political systems, and if they can fully develop the synergies between policy and politics.

References


