REINVENTING THE GOVERNMENT IN ROMANIA: AN ANALYSIS OF MANAGERIAL REFORM AFTER 1989

Dragos Ionut ONESCU
Strasbourg University/Babes-Bolyai University
Corresponding Authors’ Email: Dragos.onescu@odasglobalconsulting.ro

ABSTRACT
The 1989 revolutions that swept Central and Eastern Europe (CEE), although a common denominator for the CEE countries, generated different effects for their ensuing development. Romania as both tried over time to face challenges from changes in the communist regime to adopt democratic reforms in a bid to turn the state into a solid and credible internationally. After 1989 Romania tried to change the ground structure administrative and all important reforms including the management. In this paper will present an analysis done over time with the revolutions of 1989 mark the end of that stage of the management system and until today. This management reform from administrative sector and not only this sector it created from Romania a serious discussion on the international scene, a stable, coherent and predictable country in worldwide context.

KEYWORDS: Romania, managerial reform, government.

INTRODUCTION
The revolutions themselves differed in how any one unfolded and showed that, even though the countries involved had all been nominally communist, there were big discrepancies between their levels of economic and political development. These differences should also be reflected in their subsequent reform processes from centrally planned to market economies and towards democratic organization.

Romania’s bloody revolution shows that the political elite in power here was not eager to step down and follow the peaceful example of the societies of its neighbours, such as Poland, Hungary and former Czechoslovakia. Romania also experienced the formation of a cleavage between the former communists who seized power immediately after the revolution and anti-communists represented by most historical parties that came back to life after 1989. This rift has had an important effect a change in the reform process in Romania, as it formed the core of a continuing dispute between two ways of life. Immediately after the revolution Romania needed to undergo substantial reforms in order to open itself to the west and, most importantly, to face a new challenge that lay ahead and on which it embarked soon afterwards: accession to the European Union (EU). Thus, Romania found itself in the difficult situation of mediating between two types of processes of fundamental change: an externally induced one represented by the European integration dynamic and an internally induced one represented by the democratization and economic reform processes.

The country made its bid for EU accession in the early 1990s, to ensure future prosperity and as a quest to join the European family of nations, from which it had been cut off for 50 years. In 1993 Romania signed its Europe Agreement, and in June 1995 it officially applied for membership. Starting from the middle of the 1990s, the desire to join the EU has shaped the country’s reform process as a whole, as the EU’s standards have become the tools to measure the success or failure of reform policies initiated by the Romanian government as part of the Europeanization process.

The main reasons for the slow advancement of the reform process were lack of political will and low administrative capacity to actually implement the reforms officially adopted. While in the first years after the revolution there was a perceived lack of political will, as the new government was reluctant to implement structural reforms, even after the change in power of 1996 the problems still persisted. Although Romania then enjoyed a government considered pro-reformist, in-fighting within the ruling coalition led to the stagnation of the reform process. It has, however, become obvious by now that an entire body of civil servants, which has been strongly criticized for inefficiency, lack of transparency and, at times, corruption, has all along seconded the political elite in its unwillingness or inability to pursue reform.

Public management research in Romania is also a recent development, concurrent with the administrative reforms and to the devolution process in place since the early nineties.

A brief analysis of the tradition of Romanian public administration reveals a mixed record of influences, due to the distinct historical background of the different regions; thus, French and German influences have been coexisting in the Romanian space, leaving specific traces on the administrative culture.

Notwithstanding the relevance of this historical path, close attention needs to give to the heritage of the communist public administration model, since it deeply marked the
developments during the transition period. Although present in different versions throughout the Central and Eastern European block, this model was structured on the same main pillars in all countries. Therefore, not surprisingly, once the communist regime fell apart, one of the most difficult reforms to be achieved was in the field of administration. The huge challenge was that of a total overhaul, from principles to practice. A brand new legislation and institutional structure had to be introduced, doubled by a transparent Human Resources policy.

Development of Romanian public administration was determined mainly by external pressure, less by internally changing view on role of public administration in the modern state.

Regarding the scope of PA reforms, what distinguishes transition from reforms in other countries is the scale and intensity of the systemic change involved. ‘Reform must penetrate to the fundamental rules of the game that shape behaviour and guide organizations’.

Another area of assessment is the extent to which some of the major NPM-style reforms fit the context conditions in transition countries, and this leads us to the issue of reform sequencing.

Like other countries in Central and Eastern Europe, Romania faced the democratization process with fall of the communist regime in 1989. The 1991 Romanian Constitution, revised in 2003, institutes the three fundamental principles on which the PA is grounded: decentralization, local autonomy, and the deconcentration of public services “Art. 120.” In Romania, territorial administrative decentralization is based on a community of ‘public interests’ of the citizens belonging to a territorial-administrative unit, ‘recognising the local community and the right to solve its problems’ and technical and financial decentralisation of the public services, namely transferring the services from the ‘center’ to local communities, aimed to meet social needs.

Implementation of the NPM concepts in Romania can be summed at different levels. At the state level, NPM with new concepts of public management and public marketing introduces 1) Analysis and forecast- within the NPM, the information is obtained by information technology systems and addresses the demand (market surveys), competition, resources and innovations. 2) Planning- will be intensively decentralised and focussed; therefore the state will merely design the institutional framework than play a leading part. 3) Implementation- in order to improve performance, focus on the organizational behaviour and human resources management are needed. 4) control- as an advantage in the NPM terms represents good score in accountability, feed-back and adaption.

Fundamental for the development of the public administration is to mention the principles of local autonomy and decentralization within the Constitution. Their application has led to better management of local interests and represents a step towards administrative convergence. In addition to decentralization there are established the principles of openness and transparency trough the Law no.69/1991. This law speaks also about certain aspects of the organization and functioning of local public administration such as the eligibility of local public authorities, the fact that the prefect is the representative of the government in the territory, the responsibility of mayors, of county council’s presidents, of advisers and civil servants for acts committed during their service. This law also underlines essential principles of administrative reform such as effectiveness and efficiency of public services: “good functioning” of communal services, local transportation and utility network.

Certainly, the most important legal norm for the administrative system in this period is the Law on Civil Servants Statute, originally published in Official Bulletin no.600/08.12.1999, amended, completed and republished in the Official Bulletin no. 251/22.03.2001 and no.365/29.05.2007. These emphasize the civil servants delineation of responsibilities and their improvement. In addition, we mention the Law 215/2001 of local government, the Law 161/2003 on measures to ensure transparency in the exercise of public dignities, public positions and in business, to prevent and punish corruption, the Law 339/2004, a framework law on decentralization, the Law 7 / 2004 on the Code of Conduct for Civil Servants, the Law 477 / 2004 concerning the Code of Conduct for contractual staff of public authorities and institutions. But it is only one of the conditions necessary to achieve the final objectives.

The year 2001 was the one in which public administration reform has taken a strong outline trough a series of measures designed to accelerate its implementation. Among these we mention that it was adoption the Governmental Decision 1006/2001, the Strategy for accelerating public administration reform. And last but not least to create an administration citizen oriented. In September 2001 it was established the Government Council for Monitoring Public Administration Reform and it was composed by eight ministers from the representative Ministries and was headed by the Prime Minister. Following the reorganization of central government authorities, this body was reorganized itself in order to increase the coherence of its action, the efficiency and flexibility.

In 2001 it was also created the National Institute of Administration (NIA) as specialized institution in training civil servants and elected representatives. National Agency of Civil Servants (ANFP) is responsible for the management of public positions and for the development of normative acts on public positions. ANFP works in close cooperation with INA.

In May 2002 it was established within the Ministry of Interior and Administrative Reform (known at that time as the Ministry of Public Administration), the Central Unit for Public Administration Reform (UCRAP), in order to ensure the implementation of decisions of the Government Council.

During 2004-2006, according to the 2004-2006 revised strategy to accelerate public administration reform and then the 2005-2008 Government Program, the decentralization process has been considered a priority for public administration reform.

Under the recently adopted legal framework, ministries consider more decentralized competences, as reflected in their projects for sector strategy. The major objectives of
decentralization strategies aimed at new skills and at improving the quality of public services already decentralized. To achieve these goals, the strategies have within the action plans the appropriate procedures and implementation mechanisms for both central and for the local government.

In the 1999 report, the Commission mentions the necessity of financial decentralization and the need to establish a clear mean transferring from central to local authorities. The subject is repeated in subsequent years and the Commission suggests the need to establish the legal context for decentralization. Thus, the Law from 2001 of public administration local government fulfills this need. It defines the local authorities’ competences and outlines the relationship between central and local government and promotes the principle of local autonomy.

Developing the law was not, however, sufficient to solve the problem of decentralization. This was repeated in 2003 and 2004 when the Commission’s attention was directed to the lack of transparency of financial transfers from county to local level and on the transfer of responsibilities from central to local level, without a proper financial transfers’ support.\textsuperscript{xxx}

As far as the openness is concerned, adopting in 1998 the National Strategy for Computerization and Rapid Implementation of the Information Society is appreciated by the Commission, but Romania is still confronted with problems of proper dissemination of information, problems of citizens’ involvement in decision making, particularly of Roma community. The 2001 Law on free access to information improves the situation\textsuperscript{xix}. Transparency, however, is considered almost nonexistent. In 2001, developing the legislation on egovernment\textsuperscript{x} was a noteworthy step for the principle of transparency at the administrative system level.

However, a law in this respect was lacking, this lack being constantly mentioned by the Commission reports in 2000, 2001 and 2002. The year 2003 is the year when Romania adopted the Law 52/2003 on decisional transparency, a measure welcomed by the European Commission report for that year.

Citizen involvement in the decision making process together with parties directly concerned and the economic and social actors is regulated by the Economic and Social Committee development. Citizens’ rights are also highly considered by the Ombudsman institution, the institution which excoriates the administrative authorities when citizens’ rights are violated. Its activity reveals thus the principle of responsibility at the public administration level.

As previously mentioned, we speak about administrative reform when we aim to apply two specific principles of public management: efficiency and effectiveness. Essentially, it was concerned the legislative activity of the Government that had to be lowered (high number of ordinances led to inefficiency, the slow legislative process to difficulties in implementation and in obtaining the act’s results.

The result is the existence of legislative proposals insufficiently developed. There are difficulties in performing the duties of the National Agency of Civil Servants due to the lack of legal instruments of authority and resources. As for the human resources there are highlighted the problems related to limited training, to high turnover among public officials and to the minor progress made in areas such as: salary, career tracking and development of public responsibility. In addition, we can mention: insufficient financial resources for professional development of civil servants, the lack of coherent training policies, the high degree of fluctuation, the lack of a unitary payment system for civil servants, the lack of coherent policies on programs aligning public services to the requirements of the acquis communautaire, the lack of a secured electronic communication system that streamlines the movement of documents/information, insufficient or unsubstantiated allocated human resources.

The relation between political elites and civil servants in Romania can be generally described as belonging to a “regime allowing hidden politicization.”\textsuperscript{xviii} Although a set of norms is in place - mostly inscribed in written laws - that represents the aim of transforming the civil service into a politically independent and professionalized corps, political interference is still present, due to loopholes in the legislation or to powerful unwritten norms which at times take precedence over the written ones.

During the course of Romania’s accession process, the evident problems with administration reform began to seriously affect the European integration process, since the immense body of European legislation that formed the community acquis needed not only transposition into national legislation but also required a professional body of civil servants, politically unencumbered and accountable, in order to implement the new legislation. The European Union made clear from the beginning that compatibility with EU norms and practices was crucial also in this field and started to monitor the administrative capacity of Romania to adopt and implement the acquis. This made administration reform a de facto central part of the accession process, although there was no European legislation that directly affected public Administration, let alone the organization and functioning of the civil service. This particularity of the negotiation process renders the impact of the EU on the relations between the political elites and the civil service in accession countries difficult to assess, as influence is taken less directly than in other areas. The next section will show that some influence is exerted by the EU to the benefit of reform-minded civil servants, although it is difficult to claim that the EU has done all it can to stimulate a modernization of the Romanian public administration and the development of a professional civil service in the country.

For countries in transition like Romania, one of the enormous task of the 1990s was to build a new public administration based on a whole new set of values. For the post communist countries affected by serious trust crisis along with Maastricht criteria imposing precise debt and deficit ceilings, the task also meant adopting the ‘Acquis Communautaire’ as well as adapting structures and process to fit the EU decision – making process. On the other hand, this process allowed countries to pick up and choose from the experiences of EU and OECD 30 countries in reforming public administration\textsuperscript{xix}. International institutions such as the World...
Bank were the main advocates of the NPM in developing and transition countries (Manning, 2001). Each government in Romania after the 1989 revolution has approved its own agenda for reforming the PA system. As in other European states, the Romanian public administration reform was conceived on some core pillars: decentralization, civil service and public policy-making. The pressure was exercised both through the European experts working with the government in Bucharest and through specific requirements underlying programs financed by the EU and concerning themselves with the reform of public administration. We find a general agreement that decentralization in Romania – and especially decentralization of HR responsibilities and tasks – has positive effects such as performance and productivity improvements, increased service speed, quality and value, empowerment of management, increased motivation and also allows HRM functions to be better adapted to local needs.

To this, we add “the asymmetric models”, and new “models” and institutional “experiments” for PA in Central and Eastern European countries, like Romania, undergoing reforms since 1990s. As a retrospect the aspects of both the Weberian and NPM principles have infused PA reform in post-communist countries, though Weberian standards have greater prominence in the EU accession reform agenda in Romania.

What we notice in the case of Romania is a “citizen-oriented” concept of administration still struggling to defeat the old mentality dating back from the communist times, characterized by a lack of service and administration culture. As a direct result, public confidence in central institutions has been constantly lagging at a very low level.

The integration of Romania in EU in 2007 has determined a significant change in the administrative expenditure amount. As for financial policies, in the beginning of the 90s the Law on the state budget was used to draft and implement Local Government Unit’s (LGU) financial policies and included information about the funds allocated to the LGU throughout Romania.

The financial decentralization is an important component of the decentralization process with regard to the allocation of the local financial resources. Clearly, the financial decentralization and administrative one are closely correlated between them. Romania has made significant steps in the process of financial decentralization but “the process of implementing this policy has been confronted with many problems because of the lack of a national strategy for decentralization. In recent years, considerable efforts have been made to either abolish extrabudgetary funds or move them on-budget. Revenues and expenditures of self-funded public institutions are also outside the state budget, while “own resources” of spending units are excluded from both the state budget and the consolidated budget. Although there has been progress in broadening the scope of the state budget, further efforts are needed to consolidate the various budgets.

One of the important tools introduced was DPL (Development Policy Loans) program proposed by World Bank for Romania and its focus on public financial management, the social sectors and the financial sector. In the financial sector the reform measures supported by this program of loans fall under two broad categories: contingency planning and reforms to enhance the governance and supervision of the financial sector with a view to strengthening the resilience, functioning and stability of the sector.

The reform of the public sector will achieve a more transparent and motivating system of public pay. In addition, the proposed program of operations focuses on sectoral reforms in education and health, where, again, the measures seek to improve fiscal management while promoting more efficient service provision and more equitable access.

Indeed, it seems that for line ministries there is little correlation between the estimates in the MTEF and the budget. Moreover, ministries apparently do not use the previous year’s MTEF estimates as a guide for the preparation of their budget submissions, and consequently there are numerous requests for additional spending.

Reforming Public expenditure management has shown substantial results on the economic growth of Romania in the recent past. The Romanian economy experienced an economic boom during 2003-08, a large part of the domestic absorption boom was driven by private investment but the process of Public expenditure needs high attention because of high rate of corruption in the public administrative system. In order to analyze the degree to which public administration reform contributes to corruption in Public expenditure the central and local public administration Romania is analyzed with regard to the civil service reform, the decentralization process and fight against corruption in the public administration. Nevertheless, the intensification of the reform process at the administrative management level leads to the reduction of the level of corruption.

Despite the huge efforts by the international bodies’ one the most severe limitations of the donor assistance in Romania are the extensive attention towards policymaking. In this respect Romania is still ‘donor dependent’. Romania receives substantial external assistance, amounting to 1.64% of GNP in 2002, which is second only to Bulgaria in transitional economies. This is overwhelmingly provided by the two major donors, the European Union and the World Bank but both contributing to different agendas.

Romania benefited from the European Union assistance in public administration field since 1992 by assisting Romanian public institutions mainly through funding twinning projects. Programs for Civil servants has contributed to a great extent in the administrative reform process. The total financial support granted by the EU to the Romanian public sector since 1992 to 2004 is around 42 M EURO. The World Bank contributed significantly to Romania’s development policy agenda, especially in public administration structural reforms through the projects like MTEF.

Some of the worth mentioning projects were taken by SIGMA in the field of external audit, financial control and public management. The other major donor organization in terms of funding is USAID, which started a project in
the beginning of the decade in the field of decentralization with a budget of US$40million budget over five years. However, there are significant agenda differences between the large donors. The largest bilateral donors to Romania are the US, France, Germany, Netherlands, and Japan. In conclusion, PA reform in transition countries entails a very broad agenda neither prioritised nor clearly defined in terms of effective implementation, though referring to high-level intentions. A Neo-Weberian State, in which governmental actions are based on the rule of law, in which private enterprises are involved for competing quality in the service delivery, and in which civil society organisations have a full range involvement in public policy making, from decision making to service provision, strengthening of civil sector and its organisations” It is, therefore, of fundamental relevance to develop a PA modernisation model based on the key characteristics and needs of transition countries and, subsequently, to use this model – instead of the NPM – for interpreting and assessing the results. PA reforms have two ways to influence development: downsizing public sector, which frees up resources and provides new opportunities for private actors, and making public sector more responsive, which, although requiring some investments in the beginning, contributes to better public policies and more integrated economic and social development. As Mintzberg has wisely noticed with reference to eastern European countries, the leap between State and private ownership can be made more easily than a more balanced shift to cooperative, non-profit and for-profit organizations. In some of these countries, ‘State control seems to have given way to equally devastating control by the private sector’ (Mintzberg, 1996), while in others a slower and more difficult balance has been successfully pursued. The Romanian experience provide evidence that downsizing measures can help achieve fiscal stability in the short term, while prove to be ineffective in setting the conditions for a longer term sustainable development and also give rise to some unexpected problems of their own.

BIBLIOGRAPHY

Books


Legal Documents


Reinventing the government in Romania: an analysis of managerial reform after 1989


vii World Bank, Reforming Public Institutions and Strengthening Governance, 2000h, Washington D.C. p.97


x Cepliku D., Mititelu C., Public Administration reforms in transition countries: Albania and Romania between the Weberian model and the New Public Management, 2010, TRAS, Romania.


xii According to the Parliament’s Decision 16/18.06.2003 and to Emergency Governmental Ordinance64/29.06.2003.

xiv Through the Government’s Decision 925/2003.


xxi Matei L, op.cit, p.32


---


