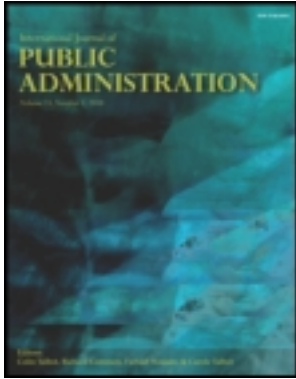


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A Comparison of Transition Capacities of New EU Countries: Public Administration as a Key Influence in Democratic and Economic Change

Markus Reiners^a

^a Department of Political Science , University of Hanover , Stuttgart , Germany

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A Comparison of Transition Capacities of New EU Countries: Public Administration as a Key Influence in Democratic and Economic Change

Markus Reiners

Department of Political Science, University of Hanover, Stuttgart, Germany

In the network of political and public administrative actors the public administration plays a key role. Countries previously influenced by socialism or communism, that joined the European Union in the two most recent accession waves, and are now undergoing strong change, are investigated to determine whether—and to what extent—public administrations influence transition processes to more democracy and market economies. With a regression analysis it is demonstrated that a qualitatively better functioning public administration makes a positive impact on transition, its effectiveness, and sustainability. The regression analysis also offers arguments for the view that public administrations are important actors when it comes to the implementation of EU standards.

Keywords: public administration, transition, European Union, Central and Eastern Europe, socialism/communism

INTRODUCTION

When the bipolar era came to an end many states in Central and Eastern Europe faced far-reaching transition processes. One after the other states turned to the West and democratic forms, and started to pursue membership of the European Union (EU). Only 15 years later, in 2004, the EU accepted 10 new members, of which 8 previously stood under the influence of socialism or communism. Three years later two more countries joined the EU.

Of the 12 youngest EU members, 10 are so-called transition countries, namely Bulgaria, Estonia, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia, Czech Republic, and Hungary. At this stage the former post-socialistic or post-communistic countries were in the process of consolidation. Former dictatorships turned into democratic states, with elites that adhere to the terms and conditions of the competitive, market-based democracy (Goetz, 2005; Haensch & Holtmann, 2008; cf. Mayer & Palmowski, 2004; Pridham, 1994). Twenty-odd years ago no one thought it possible that

these states could integrate themselves in the West European community. The aforementioned ten countries changed their state systems diametrically relatively quickly and were able to comply with the conditions and standards set by the EU to such an extent that they are members of the European community today. These ten countries are subjects of this research (cf. Armingeon & Careja, 2008; Blokker, 2005).

The EU requires from its accession candidates that they implement specific liberal-democratic standards for admission to the alliance. There are, however, big compliance gaps between the countries regarding these conditionalities (Schimmelfennig, 2007). The EU can influence the process of change in these countries significantly by putting pressure on them to implement specific policy reforms. To implement the required reform steps, break out of old behavioral patterns or change them, require efficient and well-structured political control in local governments, but especially in the respective public administrations (Schimmelfennig & Sedelmeier, 2002, 2004). It is assumed that the public administration is an essential, if not dominant actor in this process of change. As a rule, the word public administration is equated with bureaucracy—a concept loaded with negative connotations. On the one hand it is seen as reform-resistant and structure-conservative—on the other hand as inefficient. Some see it as too influential and the driving force in the

Correspondence should be addressed to Markus Reiners, Department of Political Science, University of Hanover, Im Geiger 25, Stuttgart, 70374, Germany. E-mail: markus.reiners@t-online.de

interlinked network of actors (Haensch & Holtmann, 2008; cf. Reiners, 2008).

This study focuses on common development trends, but also on differences between public administrations. It must be accepted that countries with better functioning public administrations are better equipped to implement overall transition processes more effectively and sustainably (Newland, 1996; Rice, 1992). In the following chapters the validity of this thesis will be tested by examining the ten youngest EU members to have passed through such a transition. To what extent does the quality of public administration, therefore, influence the process of transition? Did all states succeed in their quest for EU membership, because public administration plays a minor role, or is public administration the pivotal point and lynchpin of transition and key to acceptance into the EU?

HISTORICAL CONDITIONS AND DOMINANT ACTORS

The subjects under investigation do not show similar systemic characteristics at all. Since the break-up of the Soviet Union, the countries have undergone all-encompassing change, and geographically they are peripheral countries to both the liberal West and the socialistic and communistic East. Therefore, different influences were always present, and nation-building could not proceed in tandem throughout Central and Eastern Europe. Many nations only gained complete independence at the end of the 20th century, and thus went through a different identification process than the sovereign states. Since independence, they have been in the throes of fundamental political and economic change. Their integration into the EU did not signal the end of this transformation. In fact, it was the starting point of development and a sign that these countries were catching up to the established countries in the West (cf. Haensch & Holtmann, 2008).

It is a logical and consistent behavior pattern to want to be integrated in the EU, and put trust in its values, such as democracy and the market economy, with its advantages, such as subsidization and a single internal market (von Beyme, 1994). The fact that these countries have historical and cultural connections to the EU states in some way or another, also explains their orientation to the West. For example, parts of the populations of the youngest EU member countries are Catholic or Protestant, while Orthodox religions dominate in neighboring countries on their eastern borders (Mayer & Palmowski, 2004). Access to the center of Europe may neutralize their peripheral position or, at least, weaken it, and impact their sustainable development positively. In addition, accession to the EU offers the countries new opportunities as far as their international orientation and development are concerned (cf. Quaisser & Hall, 2001). Furthermore, also, the public administrations of these countries reveal explicit differences, which do not only

stem from the fact that they have socialistic or communistic backgrounds, but have deeper, cultural-historical causes (cf. Rice, 1992; Batalden & Batalden, 1997; van Brabant, 1995; Dimitrov, Goetz, & Wollmann, 2006; Mukherjee & Ranaswamy, 2000; Meyer, 2008).

Anyway, as far as the investigation is concerned, the differences only play an incidental role, because the states were built on the same fundamental principles: all have not been organized as democracies before, and all did not have market economies. Compared to states with market economies and democracies, the aspiring new members had more resemblances than differences, which is also why a “most similar system design” was chosen. For a comparative study of this nature, it must be in order to take a step back on the conceptual and methodical “abstraction ladder.” What they had in common: all had a socialistic or communistic past and are now on their way to market-economic democracies, and all had in the meantime joined the EU (Berend, 2005). So the acceding countries had very similar preconditions for their transition processes and in all cases the processes took the appropriate course, so that their requests to become members were accepted (Schimmelfennig & Sedelmeier, 2002, 2004). That means all these states have functioning public administrations. Nevertheless, some of these states can boast better public administrative performances than others (Haensch & Holtmann, 2008).

The road to the EU is no easy one. The EU sets high barriers for these states. Officially, a country must pass through several levels, before it can finally call itself a member of the EU. The so-called “Copenhagen criteria” were compiled in 1993 and contain the conditions a country has to satisfy. The criteria require candidate member countries to have functioning market economies and the ability to assume the responsibilities and goals which membership brings with it. In addition, there are further political criteria, such as democracy, the rule of law, human rights, and respect for minorities. Signing the Stabilization and Association Agreement is a major first step, and a preliminary to the official accession negotiations. The agreement must be ratified by all EU members as well as the specific state. It contains the first contractual arrangements between the accession candidates and the EU, aimed at securing the economic and political convergence to the alliance.

The units examined here had, however, concluded the so-called Europe Agreement with the EU, which was later replaced by the Stabilization and Association Agreement. On its own, this first step already made big demands on the public administrative machineries of the potential accession candidates, in the sense that the public administrations had to dedicate large resources and operate efficiently even before acceptance, and without knowing for sure that they would eventually be accepted (Haensch & Holtmann, 2008). Admittedly, the changes were to some extent supported financially by the EU. The next step is to be officially recognized as an accession candidate, which is followed by the

start of accession negotiations. Upon successful completion of these negotiations the candidate country may join the EU and thereby become a fully fledged member. The ratification of the Accession Treaty constitutes the last step.

The influence of the EU on reforms and changes in potential accession countries has been the theme of many scientific articles. Epstein and Sedelmeier (2008), Hughes, Sasse, and Gordon (2004), Papadimitriou and Phinnemore (2004), Pippan (2004), Schimmelfenig and Sedelmeier (2002, 2004), and Sedelmeier (2008) are among those who have grappled intensively with this question. For example, Merkel (1999), Macków (2005), Weidenfeld (2001), Beyer, Wielgoths, and Wiesenthal (2001) or Rose (2009) focused their work on the transition research. These studies all stand on the same foundation and, at times, share a perspective that this investigation can connect to.

A key actor in the implementation of EU standards, but also in the overall transition process, is the public administration. The public administration is the first place to which required changes, assigned to the government of a specific country by EU committees, are communicated. Furthermore, the public administration has the final responsibility for the implementation of required changes. They set new standards inside a country, implement new laws, and are responsible for the frictionless progression of the entire restructuring process (cf. Blondel, Müller-Rommel, & Malova, 2007; Goetz, 2001; Haensch & Holtmann, 2008; Nicolaidis, 2004; Verheijen, 2001, 2007). Public administrations getting clear directions is decisive in this case from their governments and the EU. However, the effective functioning of the public administration depends just as much on the willingness of a wider population to accept changes. What makes the implementation of EU standards difficult is the fact that they do not develop out of a home-grown desire to change (such as, for instance, national laws do), but are forced upon the country from outside, without having been decided on the national level (Schimmelfenig & Sedelmeier, 2002, 2004). Thus, the public administration sits “between two chairs” and represents the transmission belt between those who govern and those who are governed (cf. Haensch & Holtmann, 2008). This should, in turn, mean the public administration is an important, if not key actor in the process of change (cf. Newland, 1996; Rice, 1992).

Assuming the public administration is a key factor in the transition process, then this process of change can also be expected to run its course ever smoother, the better this actor functions—for whatever reason. A character trait of a high-quality public administration is that it implements policies efficiently and is generally effective when it comes to executing political government specifications. Furthermore, the rational public administration is characterized by professional personnel, clear rules, and structures for decision-making, objectivity, transparency, and responsibility (cf. Bäck & Hadenius, 2008; Brusis, Staronova, & Zubek, 2007).

The public administration, its leaders, and members of government politically connected to the leaders in the public administration, often form a “governing complex”—or kind of action unit—which then becomes an important promoter of the modernization process, if not the most important. Political programs and legislative procedures are typically initiated from there. Even when the initiatives originate from other actors, the suggestions are mostly developed by government and its ministerial administration, respectively (cf. Mayntz, 1985; Reiners, 2008).

METHODOLOGY

The question is whether the quality of public administration influences the transition process of a country significantly. In this case the transition process includes both the change from a planned economy to a market-based economy, and from an autocratic regime to a democratic form of government. The ten youngest EU member states in the midst of transition processes are included as research units, i.e., states that were formerly socialist or communist. Mill raises two basic concerns with this way of comparing. He distinguishes between the concordance method (“method of agreement”) and the difference method (“method of difference”), which is of interest in this study (1846; cf. Ragin, 1987). Since a deviation method compares systems that are generally more likely to be similar—rather than different—in their fundamental characteristics, one also refers to it as the “most similar system design” (cf. Dogan & Pelassy, 1984; Lijphart, 1975; critique: Przeworski & Teune, 1982).

However, to the present day both aforementioned methods suffer a fundamental methodological dilemma. What we know for sure, is that no comparison can reproduce reality in its complete complexity. Usually at least two basic units are needed for comparison. These have the characteristic that they consist of many variables, and the variable problem explodes exponentially with the increase of cases. Therefore comparisons almost always have to deal with many variables, also when the number of cases is limited. Then the combinations and possible theoretical explanations quickly outstrip the number of cases to be examined. In such situations statisticians would say there are too many “degrees of freedom” for the deviation to be declared. There is a way to escape this dilemma. On the one hand, the number of cases can be increased and on the other hand the number of variables must also be limited with motivations (Naßmacher, 1991).

For this reason, ten similar states were included in the comparison and the spotlight placed on one—the most dominant—actor. Other conditions which could have played roles in the posed questions, and other actors, are not considered in the study. This limitation is made on research-economic grounds and—quite simply—because sensible comparative research places certain boundaries. It is often suggested that more than one independent variable should be

filtered out, because complex political processes cannot be reduced to a few determinants—they always result from the collaboration of several actors and a number of institutional factors. This argument need not be confronted here. Instead, it should be stressed that the still-to-be explained and indicator “government effectiveness” measures the quality of public administration very comprehensively. It integrates a wide range of factors, providing a comprehensive evaluation of the state’s public administration. This warrants the soundness of the evaluation and could neutralize the aforementioned objections. In any case, the focused look brings a decisive advantage. It brings about a concentration on the essentials, which prevents the loss of perspective in a glut of information and data-overlapping relationships in the long run. The comparative study follows the rule of thumb very strictly, namely to select as many cases to examine as possible, while limiting the aspects researched to the absolute essential (Naßmacher, 1991; cf. Reiners, 2008).

The study is based on quantitative research. Here the quality of the public administration seconds as independent variable and the status of the transition process as dependent variable. The investigation is carried out with the help of a linear regression model. Finally, a regression line is drawn by plotting the values of the two types of variables on the x-axis and y-axis of a coordinate system. If all values of both variables fell on this line, the correlation would be perfect, but this is highly unlikely. The better the regression line explains and forecasts the values of the dependent variable, the better the regression model fits and in turn, the stronger is the correlation between the independent and dependent variable. In case the public administration has a strong influence on transition, this variable will also produce a correspondingly good forecast of the dependent variable and so enable the regression line to be drawn relatively accurately (cf. Atteslander, 1995).

THEORETICAL CONTEXT, RESEARCH QUESTIONS, AND HYPOTHESIS

One can assume that the prospect of becoming an EU member speeds up the transition process, but also makes it qualitatively better and more sustainable, since adherence to the EU guidelines is monitored with regular inspections and on-going reporting. Schimmelfennig and Sedelmeier note that the Central and Eastern European countries were given many and high barriers by the EU in the two last accession waves, which placed pressure on the national governments (2002, 2004). The desire of these countries to join the EU and the high barriers set for accession, gave the EU power over change (institutions, policies, etc.). The different socio-economic starting points and pressure from outside stimulate the process for change. Evidently, tenuous financial framework requirements motivate governments to set paradigm changes in motion. Pressure in the states to modernize

derived from, for instance, the imperative to be internationally competitive, financial problems in the national budgets, the accompanying need to save, the need to de-bureaucratize and deregulate, or pressure brought about by globalization, are regarded as decisive driving forces for change (Haensch & Holtmann, 2008; Lippert & Umbach, 2005; cf. Reiners, 2008). But, not only conditional pressure can change the structure inside a country. Also learning (about policy) from other EU states intensifies as the distance to the EU narrows (Crozier & Friedberg, 1977; cf. Dolowitz & Marsh, 2000).

The research question posed in this study is tied up with these considerations. To what extent does the quality of the public administration actually influence the transition process of a country in the direction of democracy and a market-based economy? Does the public administration occupy an important role in the process of state transition? Or does it merely play a minor part? To summarize, here are the central assumptions:

- All units examined have similar preconditions;
- Accession to the EU promotes the transition process, since it requires the implementation of market-economic and democratic standards;
- The public administration is a key factor in the implementation of structural changes and reforms and thereby plays a substantial role in the implementation of the EU standards;
- The better the EU standards are implemented, the better the transition process proceeds.

These assumptions lead to the following hypothesis:

The better a country’s public administration functions, the more effective the transition process runs its course.

RESEARCH DESIGN AND ANALYSIS

The design is based on a cross-sectional time-series analysis, meaning a set of cross-sectional time-series data, with 40 observations in total, is used for the ten units in the study. For each of the ten countries examined, observations are available for the four years focused on in this study. The years selected cover the period of interest from an EU accession point of view. The approach makes it possible to investigate the differences between the states, as well as between the four selected points in time. The longitudinal cut and the number of observations are manageable, while guaranteeing a degree of comparability, because all the countries have relatively similar preconditions. This allows conclusions to be drawn from the results. For the numerical determination of the quality of public administration in every country the “*Worldwide Governance Indicators*” (WGI) data of the World Bank are used for the years 2003, 2005, 2007, and 2010. Data of the Transformation Index of the

Bertelsmann Stiftung (BTI) are available for the same years. This index supplies the values for the transition process.

QUALITY OF PUBLIC ADMINISTRATION

The quality of public administration of the investigated units serves as independent variable. For the past 17 years (since 1996) the World Bank has compiled six indicators for almost all countries and regions, enabling a realistic assessment of state leadership and governance, and drawing a general picture of the position of states. The individual indicators are generated from a range of statistics, expert opinions, and surveys conducted by scientific institutes, think-tanks, non-government organizations, and international organizations. The six indicators measure: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption (cf. Matischok & Pleines, 2007; World Bank, 2012).

First, it might be asked why the WGI is employed as independent variable, since there are other indicators for measuring “political institutional quality,” of which a few are well established. The WGI is one of the most used indicators, with lots of relevance in the field of good governance, and the indicator which today sets the standard for governance indicators. Despite its rather sparse theoretical foundation, it is—when viewed in its entirety—a very elaborate index for cross-sectional and longitudinal comparisons between countries around the world, and one which is often cited (Calaminus 2007; Matischok & Pleines, 2007; Muno, 2012; cf. World Bank, 2012). A question of equal significance is why only one of the six indicators, namely the sub-indicator “government effectiveness,” is used in the study. This question is reflected upon critically in the fifth chapter.

The indicator “government effectiveness” measures the quality of public administration, its independence from political pressure, the quality of formulation and implementation of policies, and the credibility of the government’s commitment to such policies very extensively (World Bank, 2012). Thus the indicator provides an extensive assessment of a state’s public administration. The measuring unit of the indicator is the percentile ranking of the country relative to all other countries. The higher this value is, the better the public administration functions. In the investigation the data of the years 2003, 2005, 2007, and 2010 are used, which covers the period interesting from an EU accession point of view, and the period thereafter, insofar as appropriate data material is available.

Looking at the values in Table 1, one notes some deviation. Countries such as Estonia, Slovenia, and Czech Republic maintain high values throughout. Bulgaria and Romania lie clearly behind the aforementioned countries, as well as the remaining five countries. The fact that the values of a few countries, such as Latvia, Poland, and Romania, dropped over the first three periods is interesting

TABLE 1
Quality of Public Administration

State	Government effectiveness			
	2003	2005	2007	2010
<i>Bulgaria</i>	60.5	60.5	53.9	56.5
<i>Czech Republic</i>	78.0	81.0	78.6	80.9
<i>Estonia</i>	78.5	81.5	83.0	85.2
<i>Hungary</i>	80.5	75.6	77.7	71.8
<i>Latvia</i>	72.7	70.7	69.4	72.2
<i>Lithuania</i>	76.1	74.6	74.8	74.2
<i>Poland</i>	70.7	68.3	66.5	72.7
<i>Romania</i>	51.2	49.3	45.1	50.2
<i>Slovakia</i>	74.6	78.5	77.2	77.0
<i>Slovenia</i>	82.9	77.6	80.1	81.3

Source: World Bank, 2012 (percentile rank rounded).

in the sense that it seems counter-intuitive: one can expect the quality of public administration to rise with increasing modernization and the on-going learning process. These observable deviations make the analysis interesting and call for explanations.

TRANSITION

The development point of the transition process is the dependent variable. This is operationalized by the BTI. The index has a high profile, since it is calculated from comprehensive country assessments, made by external experts and commented upon and edited together with experts from the investigated countries. Comprehensive standardization makes targeted comparisons of reform policies possible (Matischok & Pleines, 2007). The consistency of the valuations, quality of the assessments, and integrity and qualifications of the more than 250 country and regional experts, are decisive for the validity and reliability of the BTI, even though all evaluations are finally approved by the BTI board. Apart from the expert-based research method, other trademarks of the BTI are the contextual interpretations given to the available information, scope of the analytical approach, and the consistency, which has to do with the comparatively short lifespan of the BTI. It is a relatively young indicator and was introduced in 2003 (Donner, 2007). Furthermore, a survey of index users showed the BTI was used frequently—despite all the conceptional reservations—and had a good reputation as a measure of the political and economic development status of states (Kuhn, 2011). Possible overlapping effects of the WGI, and how to deal with complex, composite indicators is discussed in the fifth chapter.

The Bertelsmann Stiftung calculates two indices, namely the Status Index, reflecting the status of transition, and the Management Index, which evaluates the political control performance of the transition. More specifically, the index determines the quality of the control and management

performances of political decision-makers. This is done by evaluating the criteria organizational capacity, resource efficiency, consensus-building, and international cooperation and indicates how consistent and purposeful political actors have been with the implementation of their reform plans (Bertelsmann Stiftung 2009a, 2009b; Donner, 2007; cf. Matischok & Pleines, 2007).

The Status Index depicts progress made in the direction of democracy and a market-based economy. The BTI defines the concept democracy widely to include other criteria. Consequently, democracy is empirically and functionally narrowly linked to the market economy, which can be justifiably criticized from a political-scientific point of view, since democratic and economic development are not necessarily connected, as the example of China shows. For the indices, the Bertelsmann Stiftung examined over 100 countries in detail for every collected period and ordered the information in two separate rankings. For this study only the Status Index is used, since it allows conclusions to be drawn on how far the transition has progressed, without pulling other factors into the evaluation, as happens with the Management Index. Thus, the Status Index offers the opportunity to operationalize the dependent variable in a way that makes it an evaluation of the transition process alone. For the compilation of this Index political and economic criteria were evaluated by declared experts with over 30 individual questions. The investigated units included all sovereign states with social market economies that have not yet achieved the status of consolidated democracies (Bertelsmann Stiftung 2009a, 2009b). The BTI 2010 is based on data from 2009, the BTI 2008 on data from 2007, the BTI 2006 on data from 2005, and the BTI 2003 again on data from 2003. Why the Management Index is excluded from the analysis is also explained in a critical reflection in the fifth chapter.

The Status Index represents the median of the two dimensions “political transition” and “economic transition.” The dimension “political transition” represents the median of five evaluated political criteria (statehood, political participation, rule of law, stability of state institutions, and political and communal integration). The dimension “economic transition” represents the median of seven evaluated economic criteria (socio-economic development level, organization of market and competition, exchange rate and price stability, private property, social organization, capacity of the national economy, and sustainability). The maximum number of points that can be allocated is 10.0 (Bertelsmann Stiftung 2009a, 2009b; Donner, 2007; cf. Matischok & Pleines, 2007). The respective countries obtained the following values and positions in the Status Index in the periods under consideration, namely 2003, 2005, 2007, and 2010.

Looking at Table 2, one sees the status of transition to be relatively stable over the whole period in most countries, and even improving in some. Good examples of this are Bulgaria and Romania—the two countries with the lowest values for the independent variable above. This raises the essential

TABLE 2
Transformation Index

State	Status-Index							
	2003		2005		2007		2010	
	Rank	Index value	Rank	Index value	Rank	Index value	Rank	Index value
Bulgaria	18	7.7	16	8.0	15	8.4	14	8.4
Czech R.	2	9.6	3	9.2	1	9.6	1	9.7
Estonia	6	9.5	2	9.3	3	9.4	4	9.3
Hungary	1	9.7	5	9.2	5	9.2	8	9.0
Latvia	12	8.7	14	8.2	13	8.6	13	8.5
Lithuania	2	9.6	7	9.0	6	9.2	7	9.0
Poland	7	9.4	9	8.9	11	8.8	10	8.9
Romania	21	7.3	19	7.9	17	8.3	16	8.2
Slovakia	2	9.6	6	9.1	7	9.1	6	9.1
Slovenia	2	9.6	1	9.5	2	9.5	2	9.5

Source: Bertelsmann Stiftung (2009a) (rounded); cf. Bertelsmann Stiftung (2009b).

question, namely how the quality of public administration fits together with the values of the dependent variable. This is explained in the next section, where the results of the simple linear regression are presented and evaluated.

RESULTS

The following result was attained (Table 3):

Forty observations were available for calculating the linear regression: ten units investigated with data for four different points in time. A first interpretation can be made from the R^2 value in the table. The explained part of the dependent variable's deviation is 0.71. The value, and with it the reliability of the regression model, is relatively high. Furthermore, the influence of the quality of public administration (GE stands for “government effectiveness”) is positive and significant (significance level of $p < 0.01$). According to this number, there is a 1 percent chance only of the correlation of the values of the independent and dependent variables being coincidental or random. In turn, this implies the systemic correlation is positive.

TABLE 3
Regression Analysis - Result

Variables	(1) transition
GE	0.0488*** (0.0050)
Constant	5.4633*** (0.3664)
Research observations	40
R^2	0.7107

Note: In brackets: standard error; *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.
Source: author's illustration.

In other words, the hypothesis can be accepted. But, the strength of the influence exercised by the quality of public administration on the transition process is—viewed purely statistically—rather small. At 0.0488 the positive effect is rather weak. It must, however, be kept in mind that the scale of values of the independent variable is much wider than the scale of the dependent variable. Given the differences in the value areas, this means the influence is still relatively strong. To illustrate the result, the individual values of the variable are plotted on a coordinate system. The regression line is also drawn in (Figure 1).

The values of the independent variable are plotted on the x-axis and those of the dependent variable on the y-axis. Noticeable is the positive correlation between the public administration quality and the status of transition. The described high value informs about the strength of the linear relationship of the two characteristics (Atteslander, 1995). The result of the regression is finally interpreted in the fifth chapter. There it is also clarified why this result turned out

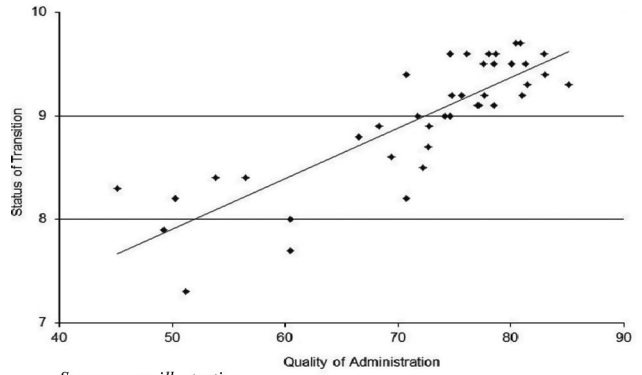


FIGURE 1 Regression line (Status of transition/Quality of public administration).

the way it did. For an even more exact picture the data series of the independent and dependent variables are depicted in the diagram below (Figures 2 and 3):

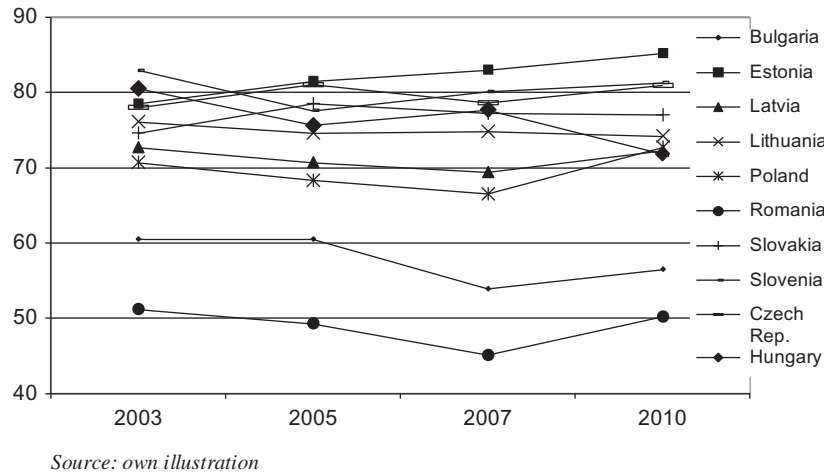


FIGURE 2 Data of the independent variable.

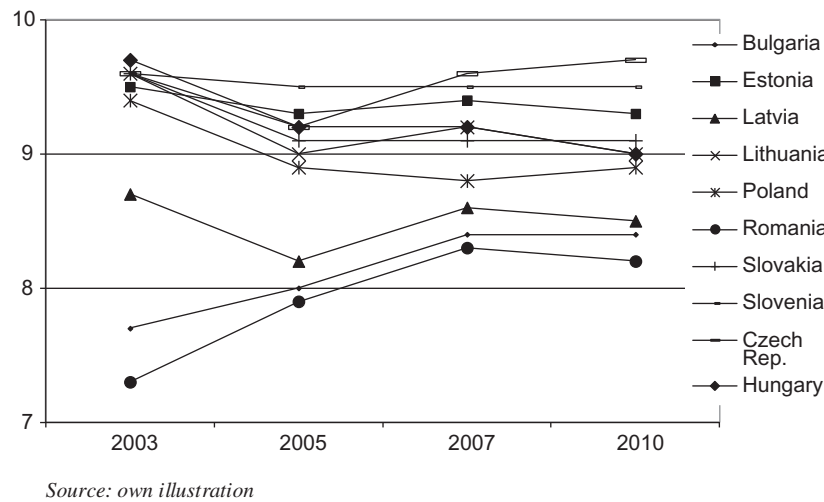


FIGURE 3 Data of the dependent variable.

An interpretive glance at the recited data in Tables 1 and 2, as well as the data trends in Figures 2 and 3, leads to the following observation regarding the hypothesis: Lithuania, Poland, and Hungary produced results which appear consistent. The trends on public administration quality correspond largely to the trends on the status of transition in phase 1 (2003 to 2005), phase 2 (2005 to 2007), and phase 3 (2007 to 2010). Looking only at the input and output values (2003 and 2010), one sees Lithuania and Hungary lost ground over the whole period on the independent variable as well as the dependent variable. Overall, Poland improved slightly on administrative quality and lost ground on transition status. This may be due to the fact that, at first, its administrative quality dropped over a lengthy period, while the quality improvements in the public administration—viewed over the full period—at first had no impact on the transition status. However, the first, tentative signs are discernible already in 2010.

It is quite likely that we are dealing here with delayed response trends. In other words: situations where the cause does not immediately reveal its effect. A quality gain can, for instance, be seen quite clearly in Slovakia in phase 1. The declining trend of the transition status in phase 1 is abandoned in phase 2, when the transition status stabilizes. Following the line of argument, a rise in the Transformation Index can in the medium term be delayed, if the values of the public administration quality do not drop slightly in the years 2007 and 2010.

In the Czech Republic the Transformation Index remained relatively stable—the year 2005 excluded. In that year transition experienced a delta, while administrative quality improved. The situation is therefore comparable—the only difference being that the quality improvements of the first phase have a stabilizing effect and impact with a delay, looking at the status of transition in the second phase. Thanks to quality improvements in the first phase, the “transition motor” was already on. Overall, such an interpretation seems reasonable, since transition pushes only materialize gradually, and no immediate or short-term quality responses can be expected. One could also say the quality improvements in phase 1 produced a transition sucking effect in phase 2. Furthermore, a direct comparison of input and output values shows public administration quality and transition status both improved.

These explanations are also largely transferable to Estonia, although administrative quality improved throughout the three phases, while transition status lost some—very little—ground in the first and third phases, and gained ground in the second phase. Estonia presents an anomaly, however, in the sense that the country consistently had the best input values for administrative quality from 2005, but its transition status still ranked behind that of the Czech Republic and Slovenia on last count. Estonia might, in the meantime, have reached a saturation point.

A similar conclusion can also be drawn for Slovenia, where quality improvements in the second and third phases

were not followed by a lasting, higher value for status of transition. Instead it remained unchanged. Due to the lead times, the response has not materialized nor is not visible yet. This may also be due to the fact that the output value of administrative quality dropped below the corresponding input value. Comparing input and output values of the two variables, one sees small declines for both over the entire period.

The results of the countries Bulgaria, Romania, and Latvia are somewhat more difficult to evaluate. Apart from a stable administrative quality in Bulgaria in phase 1, the trends in these countries are similar for administrative quality, namely it drops in the first and second phases (2003 to 2007) and improves in the third phase (2007 to 2010). In contrast, transition status climbed initially in Bulgaria and Romania, before stabilizing in Bulgaria and declining slightly in Romania. For Bulgaria and Romania a cautious interpretation could be that the clearly lower output values are to blame, which makes Bulgaria and Romania more difficult to compare to other countries. In any case, it can be observed that the earlier declines in administrative quality, especially in the second phase, now prevent the explosive rise of transition status. Comparing the respective input and output values for Latvia, one sees they decline slightly over the entire period. Here the trends are aligned in phase 1. But, the rise in transition status in phase 2 begs an explanation. It is, however, not attempted here. The few open, unexplained questions hang together with the focused design of the investigation. If questions go unanswered, it is an indication that other variables are at work, which can only be accommodated in a multiple regression model, which is addressed later in the article. To complete the discussion of the described lagging effects, it must be added that a “delayed variable” (correlation between the independent variable of the year 2003 and the dependent variable of the year 2005 etc.) impacts the fit of the regression model almost imperceptibly (30 observations; R^2 : 0.73).

DISCUSSION

In a limiting way the linear regression and regression line do not explain the entire deviation. Although the credibility of the regression model is high, there is still ample room for alternative factors to influence the transition. As mentioned before, a high value for two variables X and Y is, on its own, in no way enough evidence for stating a causal relationship necessarily exists between X and Y. A number of actors, actor constellations, and other structural and institutional framework conditions definitely also play a substantial role (cf. Atteslander, 1995; Reiners, 2008). The fact that a single independent variable was included certainly limited the quality of the results, since complex political processes cannot be reduced to individual determinants. No political action can be explained in its totality in this way. This statement must in turn be qualified by a reminder that the study focused on the indicator “government effectiveness” which

measures the quality of the public administration extensively. Thus, it can justifiably be assumed the investigation will be of value to future research projects on the same theme.

Incidentally, the wealth or economic power of a country might also be an influencing factor. It can be assumed that countries with big gross domestic products (GDPs) can better control and implement comprehensive change and political, as well as economic transition (Radosevic, 2004). Looking at other influencing factors, the population and government must be mentioned. The population can contribute to a functioning process of change, and the quality of government certainly also plays a central role. The better a government formulates policy changes, and the better it assesses the present and future political environment—and adapts its agenda accordingly—the better the transition process will also run its course. In this way, the quality of government influences both, the transition and the quality of the public administration, because government and leaders in the public administration operate as an action unit. In turn, this implies that it makes sense to exclude government from the analysis for the sake of simplification (Blondel, Müller-Rommel, & Malova, 2007; Brusis, Staronova, & Zubek, 2007; cf. Goetz, 2001).

To focus on the public administration as the only actor also acknowledges the fact that the public administration is the transmission belt between government and the governed (cf. Haensch & Holtmann, 2008). Finally, viewing the public administration as “monolithic-acting player” fits the design of the investigation. If one wanted to widen the borders of the interpretation, one would have to deepen the quantitative analysis with multiple regression models. It was seen as sensible and sufficient to draw the borders of this study in such a way as to concentrate on one simple linear regression and two clearly structured and operationalized variables. The investigation also kept the period manageable. Care was taken to include the period of specific interest—starting before the EU accession and ending with the last available data material. This impacted positively on comparability and was advantageous for the interpretation of the results and the final conclusions. It will, nevertheless, be useful to repeat this investigation with longer time series a few years from now, when more data are available (cf. Bertelsmann Stiftung, 2009a; cf. World Bank, 2012).

Generally speaking, the study certainly takes a challenging approach as far as methodology and concept are concerned. The multi-dimensional nature of the research targets opens country comparisons to attack. The only point of difference between states is their start-out situations. To view them as one, needs a radical abandonment of differentiation, which some observers might find presumptuous. What is more, it is suggested the indicators can only with great difficulty be compared inter-temporally, since different methodologies are used at different times. Sometimes country comparisons lack robustness, when different sources and experts are pulled in, and inconsistent, complicated aggregation mechanisms distort the values.

These approaches are often criticized as systemically, methodically, culturally or ideologically biased. The World Bank is quite aware of the fact that there are limits to what can be done with international comparisons based on highly aggregated data—which is also why country-specific analyses can never be replaced (Calaminus, 2007; Pleines, 2007). So, the described indices, and specifically the WGI, are often discussed. The WGI has been criticized on occasion, but the owners have always responded appropriately to the criticism (Bethke, 2012; Kaufmann, Kraay, & Mastruzzi, 2010; 2011; cf. Langbein & Knack, 2010; Muno, 2012).

Academic literature judges the indices to be adequately reliable. Still, their validity is questioned, mainly because the WGI and BTI are combined in a correlation analysis, opening the door to false conclusions informed by tautology. That could happen, because the two indices measure identical situations, and therefore correlate strongly. For instance, “quality of administration” is present in both the independent and dependent variable. This reservation can be countered with the argument that the WGI is based on the BTI only as far as the Management Index is concerned. In this analysis the Management Index was deliberately excluded from the dependent variable (Bethke, 2012; cf. Calaminus, 2007; Pleines, 2007).

As is clear, composite indicators are created from the indices. The conceptual foundation of the indices is weakened by the big number of sources. Therefore, the temptation to aggregate all the dimensions in a single, overarching index is resisted. This is also why the investigation moves on a one-dimensional level. Since the analysis used the indicators very selectively, and since the metrics rely on the relevance of the components, it must be assumed that the results point in the right direction. Such a statement of trend also fits in with what this study set out to do. Although the limitations weaken the fit of the regression model, it is still good enough. The study opens up scope for further research and gives the necessary impetus thereto (cf. Bethke, 2012; cf. Calaminus, 2007).

Now it is clear why only certain variables and the above-mentioned criteria were included in the analysis. In the WGI the sub-indicator “government effectiveness” was incorporated to create as few as possible redundancies to the dependent variable (BTI Status Index). Apparently, overlapping is a potential problem between the BTI Status Index and the five excluded sub-indicators of the WGI, but not so much with the sub-indicator “government effectiveness.” This also gets closest to what is required, in the sense that it explicitly operationalizes “quality of administration” in the narrow sense of the word. Apparently, there are also some redundancies between the Management Index and the sub-indicator “government effectiveness.” The Management Index was, however, specifically excluded, since the quality of control of political actors, and how consistently and accurately they implement their reform plans, are of less interest to the dependent variable, than to the status of the political and economic transformations. The latter is

addressed better by the Status Index. Taken together, these factors justify the variable inclusions and exclusions.

CONCLUSION

The hypothesis can be accepted, despite the critical comments made in the previous sub-chapter. A well-functioning and efficiently working public administration promotes the transition process and has a significantly positive influence on the restructuring process towards more democracy and a market-based economy. Statistically, one can explain the relationship with a “double negation”: proof that X has no influence on Y was not offered. Or even better: there is a strong indication that X influences Y. This influence also supports the assumption that the public administration is an important factor in the implementation of EU standards, because all the investigated states have had to grapple with EU conditions in the past. It follows that a functioning public administration is a necessary precondition for mastering an EU accession.

As demonstrated, the fact that X influences Y with a certain delayed effect also played an important role. It is also interesting that the status of transition has remained relatively stable, or even improved, in some countries over the period, even though the quality of public administration did not climb continuously. This may partly be due to the fact that a transition process runs its course in a cumulative way, meaning a level reached is more likely to be improved upon, than that the status of transition drops back below the already-achieved level (von Beyme, 1994). On the other hand, this may have to do with the fact that the quality of public administration has to be maintained on a particular level, to prevent negative influences from impacting. The moment a process in the public administration malfunctions, it can influence subsequent processes and other modes of operation negatively (Haensch & Holtmann, 2008).

The themes public administration and transition offer more than enough scope for future research. All the more so, since public administrations almost everywhere are caught up in processes of change. Therefore, political- and public administration-scientific research should focus on differentiated qualitative and quantitative analyses of the functioning and operation of public administrations, given their continuous modernization and especially given recent developments in Europe.

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