

PUBLIC ADMINISTRATION REFORM
IN THE CONTEXT OF THE EUROPEAN UNION ENLARGEMENT
PROCESS: THE HUNGARIAN AND TURKISH CASES

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
THE MIDDLE EAST TECHNICAL UNIVERSITY

BY

HASAN ENGİN ŞENER

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF DOCTOR OF PHILOSOPHY
IN
POLITICAL SCIENCE AND PUBLIC ADMINISTRATION

SEPTEMBER 2008

Approval of the Graduate School of Social Sciences

Prof. Dr. Sencer AYATA
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Doctor of Philosophy.

Prof. Dr. Raşit KAYA
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Doctor of Philosophy.

Assoc. Prof. Dr. Yılmaz ÜSTÜNER
Supervisor

Examining Committee Members

Prof. Dr. Şinasi AKSOY (METU, ADM) _____

Assoc. Prof. Dr. Yılmaz ÜSTÜNER (METU, ADM) _____

Assoc. Prof. Dr. Örsan AKBULUT (TODAİE) _____

Assoc. Prof. Dr. Oktay TANRISEVER (METU, IR) _____

Assist. Prof. Dr. Galip YALMAN (METU, ADM) _____

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Name, Last Name: Hasan Engin Şener

Signature :

ABSTRACT

PUBLIC ADMINISTRATION REFORM IN THE CONTEXT OF THE EUROPEAN UNION ENLARGEMENT PROCESS: THE HUNGARIAN AND TURKISH CASES

Şener, Hasan Engin

Ph.D., Department of Political Science and Public Administration

Supervisor: Associate Prof. Dr. Yılmaz Üstüner

September 2008, 312 pages

In this study, administrative reform in the EU accession process was analysed with reference to the cases of Hungary and Turkey. The main goal of this study is to show that both objective (economy) and subjective (politics) factors are important and acceding countries to have room to *manœuvre* in the context of the social-liberal framework of the EU. To this end, necessary causality between neo-liberal administrative reform and EU accession, and determinism in the enlargement process, which leaves no room to *manœuvre* for candidate countries, are denied. In conclusion, it is seen that since there is no public administration model, candidate countries are free to determine the content of the administrative reforms within the framework of general principles set by the EU. Moreover, it is found that the EU accession process is closely related to modernisation of the public administration system in the candidate countries and administrative reform has been overlapped and equalized to EU accession. Finally, it is understood that administrative reform with its extensive content, caused centralisation.

Keywords: EU accession process, generic-specific administrative reform, role of the state, administrative relations, social-liberal framework

ÖZ

AVRUPA BİRLİĞİ GENİŞLEME SÜRECİ BAĞLAMINDA KAMU YÖNETİMİ REFORMU: TÜRKİYE VE MACARİSTAN ÖRNEKLERİ

Şener, Hasan Engin

Doktora, Siyaset Bilimi ve Kamu Yönetimi Bölümü

Danışman: Doç. Dr. Yılmaz Üstüner

Eylül 2008, 312 sayfa

Bu çalışmada, Avrupa Birliği'ne uyum sürecinde idari reform Macaristan ve Türkiye örnek olaylarına referansla incelendi. Tezin temel amacı bu süreçte objektif (ekonomi) ve subjektif (siyaset) faktörlerin rol oynadığını belirterek, AB'nin sosyal-liberal çerçevesi içinde aday ülkelerin hareket alanına sahip olduğunu göstermektir. Bu amaçla AB süreci ile neo-liberal idari reform arasındaki zorunluluk ilişkisi ve aday ülkelere hareket alanı tanımayan AB'nin genişleme sürecindeki determinizm reddedilmiştir. Sonuç olarak AB'nin tek bir kamu yönetimi modeline sahip olmadığı için ülkelerin idari reformların içeriğini AB tarafından konmuş genel ilkeler çerçevesinde belirleme serbestisi olduğu görülmüştür. Ayrıca AB sürecinin, aday ülkelerin kamu yönetimi sistemlerinin modernleşmesi ile yakın ilişki içinde olduğu ve idari reformun AB'ye uyuma eşitlendiği tespit edilmiştir. Son olarak, geniş içeriğiyle idari reformun merkezileşmeye neden olduğu anlaşılmıştır.

Anahtar Kelimeler: Avrupa Birliği Uyum Süreci, Genel-Özel İdari Reform, Devletin Rolü, İdari İlişkiler, Sosyal-Liberal Çerçeve.

To Beste...

*Ez világ sem kell már nekem
Nálad nélkül, szép szerelmem
(Gerekmez Dünya Sensiz, Balassi Bálint)*

ACKNOWLEDGEMENTS

The author would like to express his deepest gratitude to his supervisor Associate Prof. Dr. Yılmaz Üstüner for his support and contributions to this study. The author is grateful to Associate Prof. Dr. Örsan Akbulut for reading and criticizing the study in a detailed manner and for his support to this study. The author is also thankful to other members of the committee, Prof. Dr. Şinasi Aksoy, Associate Prof. Dr. Oktay Tanrısever and Assistant Prof. Dr. Galip Yalman for their valuable critiques for the sake of the betterment of the study. The author is grateful to Ferenc Laki, Ágnes Kozma, Dr. Mustafa Bayırbağ and Çağaçan Değer for reading and commenting on some parts of the dissertation. The author would like to thank to Institute for Social and European Studies (ISES) in Kőszeg and Batthyány Lajos College of Law in Győr for giving the author a chance to develop his knowledge on Hungarian public administration during his stay in Hungary. It should be underlined that it is not possible for the author to forget the friendship experienced in Szombathely/Kőszeg and Győr in Hungary. The author is thankful to Ayşe Gönüllü, Seçil Erdem, Hayriye Çelik, and Ömür Kurt who always gave the author moral power to maintain his studies. The author is indebted to Hacer Fidan for facilitating all bureaucratic transactions with her cheerfulness and expertise during the author's academic life in METU. The author would like to express his gratefulness to his parents Safiye and Turgut Şener, and to his siblings, Oya Sütçü and Mete Şener, for giving him endless material and moral support. His little nieces Melisa, Ela and Manolya were the lovely sources of the author's enthusiasm to finish this study. Finally, the author would like to thank to his beloved wife Beste for her patience for the times that he has stolen from her. This study was financially supported by the State Planning Organisation of Turkey (Project no: 2002K120510).

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ABBREVIATIONS

ABBREVIATIONS

AKP: Justice and Development Party
ANAP: Motherland Party
CDC: County Development Council
CEEC: Central and Eastern European countries
CSF: Community Support Framework
DP: Democrat Party
DPT: State Planning Organisation
DYP: True Path Party
ECRSG: European Charter of Regional Self-Government
ECSC: European Coal and Steel Community
EUSG: Secretariat General for EU Affairs
FIDESZ: Federation of Young Democrats (FIDESZ)
FKGP: Independent Smallholders' Party
HR: Human resources
HSP: Hungarian Socialist Party
IERC: Inter-Ministerial External Relations Committee
INTOSAI: International Organisation of Supreme Audit Institutions
IPA: Instrument of Pre-Accession Assistance
ISPA: Pre-Accession Structural Instrument
KDNP: Christian Democratic People's Party (KDNP)
KESK: Confederation of Public Employees Trade Unions
MDF: Hungarian Democratic Forum
MDNP: Hungarian Democratic People's Party
MFA: Ministry of Foreign Affairs
MSZP: Hungarian Socialist Party
MŰSIAD: Independent Industrialists' and Businessmen's Association
NCRD: National Council for Regional Development
NMC: New management comprehension
NPM: New Public Management
NPO: National Planning Office
NUTS: Nomenclature of Territorial Units for Statistics
OP: Operational Programmes
PIFC: Public Internal Financial Control
PMO: Prime Minister's Office
PRP: Performance related pay
RCD: Regional Cooperation for Development

RDF: Regional Development Fund
RPP: Republican People's party
SAPARD: Special Accession Programme for Agriculture and Rural Development
SEE: State Economic Enterprises
SIGMA: Support for Improvement in Governance and Management
SPA: Special Provincial Administrations
SPO: State Planning Organisation
SZDSZ: Alliance of Free Democrats
TAIEX: Technical Assistance Information Exchange Unit
TBMM: Turkish Grand National Assembly
TSKB: Turkish Industrial Development Bank
TÜSİAD: Turkish Industrialists' and Businessmen's Association
WB: World Bank

CHAPTER ONE

1. INTRODUCTION

In the Turkish case, when examining the administrative reform in the context of European Union (the EU) accession, it can be stated that neo-liberal administrative reform, in line with the preferences of the governments in power, has been implemented. What has been implemented in Turkey can be conceptualized as “governance as new public management” (Rhodes, 1996: 655). Administrative reform in this context is of crucial importance because it has been equalized to EU accession in Turkey, especially since 2001.

Considering the Turkish manner of implementing administrative reform, there are mainly two critical references. The first is related to the neo-liberal character of the reforms. The second is related to “federalism,” which is argued to be the possible outcome of the EU accession process. Two major research questions in this study are as follows: Does the EU accession process necessarily mean neo-liberal public administration reform? Does the EU accession process necessarily mean federalism for the unitary states? An answer can only be given if: 1. necessary causality between the neo-liberal economic model and EU accession, and 2. determinism in the enlargement process, which leaves no room to manoeuvre for candidate countries, are broken.

There are three main assumptions in this study. In the context of the EU accession process, it is not compulsory for a candidate country 1. to reduce its public expenditure level, 2. to implement the principles of new public management and 3. to change its administrative structure from a unitary state to a federal state. In order to support these assumptions, the case of Hungary will be taken into account. Complementary assumptions of this study are as follows: 1.

The EU enlargement presents a normative framework that is based on “social-liberal” synthesis which does not necessitate neo-liberalism. 2. There is no single public administration model in the EU. 3. Administrative reform comprehension in the EU relies on the loose administrative law principles. Assumptions about Turkey are as follows: 1. NPM-oriented policies have been implemented in the EU accession process. 2. The EU and the role of the state triggered by economic crises overlaps in the EU accession process. 3. Administrative reform is equal to EU accession.

Regarding the first research question, that is, the relation between neo-liberalism and the EU, the following argument can be made. The basic proposition of neo-liberalism is the hollowing out of the state on the grounds that state intervention into the economy would destroy the “balance” created by the purported invisible hand of the market. Public expenditure levels and tax rates are two main reference points with regard to the size of the state in the economy. If there were a general trend about implementing these two economic policies throughout the EU countries, then it would be possible to put forth that the hollowing out of the state understanding of neo-liberalism was dominant in the EU. However, this is not the case. There is not any model to be followed by the EU countries as a whole.

Such countries as Sweden, France, Belgium and Denmark have public expenditure level, greater than 50% of their GDP¹. On the other hand, public expenditure level in Lithuania, Ireland and Estonia is less than 35% of their GDP. Despite this difference, it is a fact that the EU average (47.5%) of public

¹ The compensation hypothesis explains why some countries have higher public expenditures. According to the compensation hypothesis (Glatzer and Rueschemeter, 2005), economic globalisation creates uneven economic development and economic insecurity which needs to be handled by the governments via public expenditures. However, this is not an automatic process and needs subjective will of the political power.

expenditure² level is relatively high which supports the argument that a public expenditure cut is not compulsory for the EU. It is another fact that larger public expenditures may not mean higher social expenditures. A further analysis should be made on the share of social expenditures in public expenditures. An EU survey shows that social security is the largest element in public expenditure. Average social security expenditure is 27.3% in the EU (Petrášová, 2007). However, that does not necessarily mean that social security expenditure is high everywhere. While Sweden, France and Denmark have the highest levels with over 30 percentage points, Baltic States remain at 13 percent on average. Consequently, these two data show that public and social expenditures in the EU are high as an average, but it is not a rule. The same is true for income and corporate tax. Slovakia, Romania and Baltic states have relatively low tax rates while Sweden, Denmark and Belgium have relatively higher tax rates. These figures reveal one important fact that neo-liberal priorities regarding the hollowing out of the state are not being shared by all of the EU countries. Hence, it depends on the countries' own subjective preferences under structural constraints rather than EU conditionality.

If the EU permits varying degrees of state intervention into the economy via high public expenditure, then such integration should be defined as “negative integration” (Knill and Lehmkuhl, 1999). The EU permits state intervention so long as it does not hinder such targets as customs union and low inflation. Then it is possible to define the EU as a “normative framework.” It is a *framework* because it gives EU members room to *manœuvre*; it is *normative* because norms are the constraints of this margin of *manœuvre*. Since it includes a wide range of fiscal policies, this framework can be termed “social - liberal.” It is “social” because it permits high social and public expenditures; it is “liberal” because it asks for proper functioning of market mechanisms, including trade liberalisation.

² For the data concerned, consult the following Eurostat web page:
<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=dad16144> (16 June 2008)

The last point leads to the second point concerning determinism in the accession process. The “social - liberal normative framework” presented by the EU can also be applied to the enlargement process. If this is the framework of the EU, it cannot opt out the candidate countries. Therefore, not only members but also candidate countries have “room to *manœuvre*.” It is a fact that conditionality puts pressure on the candidate countries and limits their will. Dimitrova’s (2002: 176) term “governance by enlargement” is one of the most successful expressions of this kind of limitation. However, the enlargement process is not a deterministic process which removes the subjective factors such as the wills of candidate and member states. Principles of “regatta” and “open-ended negotiation framework” are two examples of the expression of subjective wills. According to the regatta principle, those candidates that fulfil the criteria for membership would be full members before any other candidates. As to open-ended negotiations, even if the candidate country fulfils the criteria, it does not necessarily mean that full membership would be the case. The membership depends on the absorption criterion and the will of the member states. Thus far, EU enlargement conditionality has been presented as a constraint which does not contain subjective factors such as candidate countries’ will. Principles of “regatta” and “open-ended negotiations” show that “the will” factor is important. It is argued in this study that “the will factor” is not only related to the timing of the membership, but also to the content of the reforms for the sake of the membership. In the EU there is no common administrative structure and model which is to be followed by each candidate state. That is why candidate countries can interpret the administrative reform as they wish under the condition that it should not be in conflict with the principles of European governance. In this study, it is argued that even if a concrete institution is proposed by the EU as a precondition for membership, the candidate country is free to set up its organisation in line with its administrative structure. For example, the ombudsman system and regional development councils are to be established by all candidate countries, yet the form of their organisation is to be determined by

each country. The conceptual background of this assumption lies in two types of administrative reform. The first is *generic administrative reform*, which implies the general principles of European governance and which does not necessarily aim at EU membership. The second type of reform is *specific administrative reform*, which means the administrative capacity development for prospective EU membership. Both types are mainly based on “loose” principles which are possible to be adapted to any administrative system, including unitary or federal.

If there is no *necessary causality* between neo-liberalism and EU accession process, then “why Turkey has implemented neo-liberal administrative reforms for the sake of EU membership?” is a question to be answered. In this study, the answer will be given with reference to structural and subjective reasons. While the subjective reason is related to the choice of political power, the structural response will be based on the role given to the state and on the major economic crises.

Political agents make choices under structural constraints. This structural limitation stems from the economic crises which change the role and form of the state in the economy. Administrative reform is the purposeful intervention of the political power into the administrative system in line with the role of the state triggered by economic crises. The crisis is stabilized with the administrative reform itself. Therefore, the need for administrative reform stems primarily from economic crises. As regards the place of the EU in the administrative reform context, it is a fact that the EU requires an administrative reform process for full membership. However, as previously stated, the primary reason for the administrative reform stems from the economic crises. Thus, the EU administrative reform should be in line with the role of the state triggered by the economic crises. As such, the EU administrative reform cannot be carried out against the prevailing role of the state. Turkish case supports this assumption. During the 1960-1980 period, the role of the Turkish state was protectionist and

interventionist. However, this clashed with the then European Economic Community's demand for a customs union. That is why the symbol institution of the era, the State Planning Organisation (SPO) was against reducing customs and sceptical of the EEC on the grounds that Turkish industry must have established its own industry before removing the protectionist barriers. As such, the SPO wanted to protect "national" industries against "foreign" invasion, instead of liberalizing foreign trade due to the "nationalism element of the planning ideology" as Şaylan (1981: 202) puts forth. The only bureaucratic organisation supporting the EEC and customs union was the Ministry of Foreign Affairs (MFA). Due to the MFA's efforts, the SPO could not delay the implementation of the joint protocol. However, the SPO could increase customs 100% just one day before the joint protocol was signed (Kansu, 2004: 420). Furthermore, five-year development plans which were prepared by the SPO officials did not pay enough attention to the EEC relations. That is why the first four five-year development plans did not refer to the EEC properly. The political power backed the SPO's stance and Turkey did not apply for full membership in 1975 just after Greece's application. The joint protocol, partially in 1976 and entirely in 1979, was suspended by the Turkish government (Kansu, 2004). The suspension of the joint protocol demonstrates clearly that EU conditionality was only "partially" implemented due to the prevalent protectionist role of the state backed by political and bureaucratic power in Turkey during the 1970s. Only in the 1980s could relations between the EU and Turkey be normalized when the dominant role of the state was changed from protectionism to non-protectionism. The SPO, then the symbol institution, was no longer powerful and relegated to secondary position. Instead, the Undersecretary of Treasury and Foreign Trade gained power and became the symbol institution of the post-1980 period. Not surprisingly, frozen relations became vitalized with Turkey's full membership application in 1987. A new era was reopened in 1996 with the customs union and was further enhanced after 1999 when Turkey was granted candidate status. Economic crises occurred between 1998-2001 gave way to the new regulatory

role of the state. At this point, need for administrative reform stemming from the economic crisis overlapped with the need for administrative reform for EU accession. Thus, administrative reform was equalized to the EU accession process in 2001. The contradictions originating from the protectionist role of the state which had been experienced during the 1970s were no longer the case after 1999 since the regulatory role of the state has been supported and strengthened by the EU reforms. Therefore, economic crises can be seen as the “trigger,” while the EU can be regarded as an “anchor” for administrative reforms.

It was not only EU conditionality, but also IMF conditionality which was in line with the current role of the state. Under this structural context ruling governments in Turkey preferred to fulfil EU economic criteria with IMF policies. Of these, two examples are the law of public financial management and control,³ and reorganisation of the General Directorate of Revenues under the name of the Presidency of Revenue Administration.⁴ Both of these elements of the administrative reform process are mentioned not only in the EU documents, but also in IMF intention letters as a structural benchmark. Institutional reflection of this EU-IMF convergence is that the status of the Minister of State for Economic Affairs was combined with the status of the Chief Negotiator under the personality of Ali Babacan between 2005-2007. Furthermore, the European Commission’s accession partnership document supported the IMF-oriented preference. The Commission wants Turkey to “ensure the implementation of the current disinflation and structural reform programme agreed with the IMF and the World Bank, in particular, ensure the control of public expenditure” (European Commission, 2003b: 13). In the case of Turkey, economic criteria of the EU have

³ “to enhance public sector resource management more generally, we will present to parliament a Public Finance Management and Internal Control Law by mid-2002.” (Turkey - Letter of Intent, November 20, 2001, par. 28.)

⁴ “We will reinforce our efforts to strengthen tax administration. To this end, we will take the necessary steps to complete the functional restructuring of the Revenue Administration (RA) by end-July (an end-April 2006 structural benchmark)” (Turkey - Letter of Intent, July 7, 2006, par. 16.)

been fulfilled with IMF prescriptions and intention letters given to the IMF. Such substitution could be possible because of the social-liberal character of the EU and reference of the EU directly to the IMF and World Bank policies as part of “European governance.” Since there is no one set model to be followed, a candidate country can follow any “European” model. This is the opportunity that any candidate country has; as such, Turkey chose neo-liberalism. Due to the EU, Turkey could give legitimacy to neo-liberal economic policies.

Relevance of the case of Hungary lies in its capacity to support assumptions that a candidate country has an opportunity to choose any model it wants. That is why comparative method will be used to test these hypotheses. Hungary, which successfully experienced the EU accession process, will be taken as a case study. There are three main reasons for choosing Hungary: 1. Relatively high public expenditure level. 2. Non-extensive implementation of the principles of the NPM, 3. Unitary character of the state.

First of all, Hungary has one of the highest levels of public expenditures among new EU members. Although the public expenditure level of Hungary has decreased in line with the neo-liberal economy policies between 1995-2000, it has never fallen below the average of the EU. It is a fact that after 2000, there was a tendency to increase in terms of Hungarian public expenditure level. Therefore, the case of Hungary breaks the direct causal relation between public expenditure cuts, and EU accession.

The second point is related to the implementation of the new public management (NPM) principles which are the reflection of neo-liberalism. Even in the high times of the neo-liberal policies, in 1995, although administrative reform texts include some of these principles, they could not be implemented due to lack of support from political power, and the bureaucracy. Although performance related pay as one of the important elements of the NPM was implemented in

2001, its objective was quite different from that of the NPM. Performance related pay was introduced in order to attract people to work in the public sector, to strengthen the merit system along with life-time employment and to increase salaries. According to Hajnal (2006), the NPM dominated reform efforts in Hungary after 2003, and especially 2005, thus after the membership. Hence, Hungary as a case country also breaks the causal relation between EU accession and the NPM since Hungary implemented these principles with its own will, not because of the EU conditionality.

Finally, it is important to see that Hungary's unitary structure has been kept and has not been evolved into the federal system during and after the EU accession. On the contrary, the EU accession process strengthened the centralisation tendency in Hungarian public administration. At the central level, the prime ministerial system has been fortified, and the management of EU accession has been allocated to the leadership of the Ministry of Foreign Affairs. At the regional level, Hungary has chosen administrative regionalisation instead of regional decentralisation or regional autonomy.

Two main loopholes in the administrative reform analyses constitute the main body of this study: 1. the economic dimension, and 2. administrative relations. Generally, administrative reform analysis refers to the political dimension and neglects the economic dimension. Furthermore, administrative reform is taken for granted as a technical dimension. However, this study explains administrative reform in the context of its historical-economic basis. Without knowing the structural-economic reasons, any explanation will be deficient. Such an explanation breaks the determinist and teleological explanations, and introduces the balance of subjective and structural factors. A second characteristic of this thesis is that administrative reforms are explained on the basis of administrative relations which go beyond mere administrative structure analysis. Administrative relations include economic, political and

administrative dimensions together and explain economy-administration, politics-administration and centre-local relations. In this study, one more dimension, namely the EU, is added to the analysis. This study opposes to the idea which takes the EU accession as one-way determinism (from the EU to the candidate) and reduces the candidate country to a simple receptor of the EU conditions without having the freedom to choose. On the contrary, this study argues that the enlargement process presents not only constraints, but also opportunities for the candidate countries.

In *chapter two*, basic concepts and assumptions will be elaborated. EU enlargement will be defined as a normative framework in the context of social-liberal synthesis. It will support the argument that any candidate country has room to *manœuvre*. The possibility of increasing public expenditure level even within economic globalisation also strengthens this point. The second chapter also includes the types of administrative reform, namely, generic and specific, in order to show how a candidate country adapts its administrative structure to the normative framework, and what opportunities it has in the accession process. Finally, the second chapter introduces a theoretical and conceptual framework for Turkey such as economic crises, role and form of the state, and administrative relations. These concepts will be important to understand why and how Turkey's EU accession process became equal to the administrative reform and neo-liberalism. *Chapter three* provides an analysis of Hungarian public administration model as a control case for the assumptions of this study. First of all, the relation between modernisation and Europeanisation of Hungarian public administration will be presented. Then central, regional, local and personnel dimensions of the reform will be analysed with reference to the assumptions of this study. *Chapter four* puts the theoretical and conceptual framework into use in understanding the Turkish case with the data derived in the first and second chapter. An economic crisis based explanation will be applied to Turkey from 1929 onwards. The

analysis will show how EU accession, administrative reform and neo-liberalism overlapped with each other especially after 2001.

CHAPTER TWO

2. EU ENLARGEMENT AS A FRAMEWORK: CONSTRAINTS AND OPPORTUNITIES

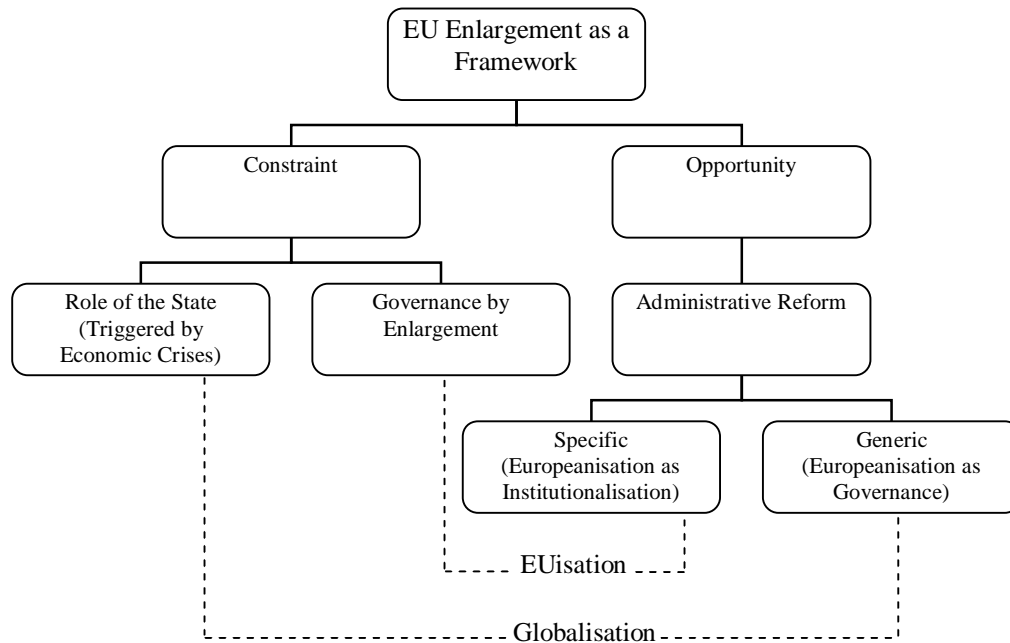
This chapter will introduce and define EU accession as a framework in order to show that candidate countries have not only constraints, but also opportunities. This approach will recover two loopholes in the EU enlargement analysis. Firstly, so far, EU enlargement has been presented as mostly a deterministic process by neglecting the voluntaristic dimensions. However, candidate countries have a certain room to *manœuvre* via administrative reforms. Therefore, administrative reforms are the tools of realizing the opportunities that candidate countries have. The main reasons are that there is no single public administration model in the EU and that administrative reform comprehension in the EU relies on the loose administrative law principles. Secondly, although constraints have been mostly accentuated, the economic dimension has been underestimated and the process has been taken as a simple technical process. However, the EU accession and the role of the state triggered by the economic crises are of crucial importance for the EU - candidate country relations.

In this chapter three steps will be taken to construct the assumptions of this study.

1st step: Relation between governance by enlargement and specific reform comprehension. The candidate country should develop a certain level of administrative capacity so that it can assume the responsibilities stemming from prospective EU membership. In order to do so, specific administrative reform which aims at convergence with the EU is needed. Therefore, it leads to Europeanisation of the candidate country's administrative system. Specific

administrative reform attempts are constrained by the governance by enlargement, but candidate countries have a chance to manage specific administrative reform since it depends on the loose administrative law principles.

FIGURE 1: EU Enlargement as a Framework



2nd step: Relation between economic crises and generic administrative reforms. Generic administrative reforms are based on the role of the state triggered by the economic crises. Since current role of the states do not negate liberalisation of foreign trade, it is intertwined with economic globalisation. Generic administrative reforms are constrained by the role of the state, but the countries have a chance to manage the generic administrative reform since inequalities stemming from the economic globalisation necessitate state intervention into the economy.

3rd step: Relation between Europeanisation and globalisation. Europeanisation is an integral part of globalisation. However, Europeanisation,

especially as in the case of the EU, is the social - liberal model of the globalisation. Therefore, administrative reform is under the influence of both Europeanisation and globalisation.

In the first section, the constraints and opportunities in terms of governance by enlargement and social-liberal synthesis will be focused. The second section will be related to the discussion of Europeanisation and globalisation, and the tool of “the opportunities,” that is, administrative reform. Finally, the constraint of economic crises will be taken into the analysis.

2.1. ENLARGEMENT AS FRAMEWORK

Enlargement is both a normative framework and a process whose rules were devised with the Copenhagen Summit in 1993 and the Madrid Summit in 1995. The European Union’s norms are institutionalized within the Copenhagen criteria. This normative framework comprises political, economic and legal norms. The enlargement is the process of the adoption of this framework by candidate countries. What is expected by the enlargement is the realisation of membership perspective; however, it is not a compulsory result. If the result of the accession process were definite and compulsory, that would have been a deterministic process. Yet the enlargement is a process whereby both domestic and international actors are actively involved. Since both determinism and voluntarism are included, then it is possible to put forth that the accession process provides both constraints and opportunities for actors concerned. Constraints are those restricting the wills of the actors while opportunities increase their capacity to act.

2.1.1. GOVERNANCE BY ENLARGEMENT

Conditionality⁵ includes elements that should be fulfilled by candidate countries to pass through the next level from accession to membership. The next level, thus membership, is not opened unless the conditions are met. Dimitrova (2002) argues that due to conditionality within the enlargement process, candidate countries are adhered to a different type of governance called “governance by enlargement.” (Table 1) This type of governance foresees asymmetrical/hierarchical power relations, which means that there is power disequilibrium between candidate countries and members.

Whereas in the EU, governance is produced in the interaction between actors at various levels who share power in a network or bargaining configuration, in the enlargement process governance flows from the EU to the applicants and is channelled mostly through the Commission and the Council, on the EU side, and the executive, on the candidates’ side. (Dimitrova, 2002: 175)

It is true that every step taken by the candidate countries are watched critically by the “big” members. For example, Jacques Chirac, then president of the French Republic, reproached newcomers and members who were in favour of the US invasion in Iraq: “Chirac, behaving like Big Brother for the candidate countries, accused them of being ‘irresponsible’ and warned that the future enlargement process might be problematic. Candidate countries responded by claiming an equal right to speak” (Şener, 2003: 9). This quote reveals that there is de facto power imbalance in the EU. Furthermore, according to Bailer (2004) neither power nor bargaining success is equal among 15 member states. Bailer (2004: 108) argues that while the United Kingdom, France and Germany seem much more powerful within the EU in terms of their GNP and vote power, the bargaining success of Sweden, Finland and Ireland is more than others. This

⁵ “The dominant logic underpinning EU conditionality is a bargaining strategy of reinforcement by reward, under which the EU provides external incentives for a target government to comply with its conditions” (Schimmelfennig and Sedelmeier, 2004: 670).

study explains that not every member has the same effect on the EU policies, however problem-solving in the EU does not solely depend on voting power or GNP figures. This conclusion corresponds with that of Dimitrova who argues that problem-solving and the bargaining process⁶ in the EU is different from that of the enlargement process which is based on conditionality.

TABLE 1: Modes of Governance		
Characteristics	New Governance in the EU	Governance by Enlargement
Steering	The allocation of values in everyday politics	Institution-building
Relationships between actors	Non-hierarchical	Asymmetrical, hierarchical
Governance style	Problem-solving, bargaining	Conditionality

Source: Dimitrova (2002: 176)

“Enlargement governance” also differs in steering types with “the governance in the EU.” Enlargement governance aims at institution-building within the applicant countries while EU governance acts on the basis of already built institutions.

As a conclusion, relatively more democratic EU governance is termed “new governance in the EU” while constrained enlargement governance with conditionality is called “governance by enlargement” as is shown in the table above. The most powerful side of this approach is its focus on conditionality. “In the absence of enlargement and accession conditionality, the export of EU rules would have remained limited, patchy, and slow” (Schimmelfenning and Sedelmeier, 2005: 221). However, according to this model, every word of the EU is considered absolute and beyond question. This model rather draws a deterministic process underestimating domestic actors’ roles in the enlargement process: “Adoption costs and veto players therefore often influence the *timing* of

⁶ For the “certain protections to counter the negative aspects of states’ size,” see (Archer and Nugent, 2006: 4-5).

rule adoption, but they do not lead to systematic variation in the likelihood of rule adoption as such” (Schimmelfenning and Sedelmeier, 2005: 226). The main problematic here is this deterministic tendency. If enlargement had been only a deterministic process, then every candidate country would have chosen or followed the same uniform path.

However, the impact of the EU cannot be expected to be uniform. (...) There is a strong possibility that the imported rules will not lead to stable institutions under two conditions: if the ideas underpinning the proposed institutional rules are not clear enough to offer a coherent institutional model; and if domestic preferences do not converge towards reform. (Dimitrova, 2002: 172)

Enlargement is not simply a deterministic process. The deterministic process is concluded with the same outcome, say membership for example, regardless of the actors’ will. However, enlargement negotiations envisage an open-ended process. An open-ended process implies the influence of contingent factors. As far as the Turkish case is concerned, for example, even if Turkey has fulfilled the criteria, there is the possibility to be rejected by the European Union.

Deterministic interpretation of the enlargement process may hinder opportunities of the candidate countries. That is why the other side of the enlargement was the focus: Opportunity rather than constraint. The term opportunity comprises the convenient time and place to actualize the objective. Thus, opportunity is power to choose to realize one’s own choice. What is the opportunity of candidate countries within the enlargement process is one of the basic questions of this chapter. In order to do so, firstly the social-liberal character of the EU should be addressed since the main argument is that social (democratic) opportunity does exist within the enlargement. Secondly, the place of public administration reform will be analysed in the context of opportunities presented by the EU. Finally, the relation between the subsidiarity principle and EU membership will be analysed.

2.1.2. SOCIAL-LIBERAL CHARACTER OF THE NORMATIVE FRAMEWORK

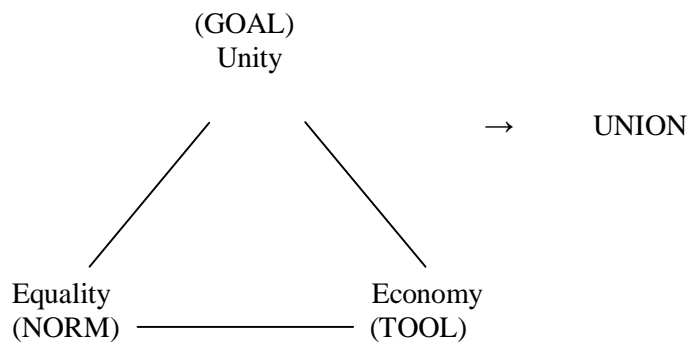
Since enlargement is a normative framework, what the norm is and what kind of norms the EU has should be explained. A norm is “a standard of appropriate behaviour for actors with a given identity” (Finnemore and Sikkink, 1998: 891). As Dimitrova and Rhinard (2005: 6) argue, “norms are single standards of behaviour whereas institutions consist of multiple norms.” As an institution, the EU has multiple norms as well. These norms may be named after Derviş’s vision of a *social-liberal* synthesis: “‘Liberal’ is used here in the European sense and denotes a belief in markets, individual enterprise, and democracy. ‘Social’ refers to the traditions and values of equity, solidarity that has characterized political left” (Derviş, 2005: 11). This context explains the double-edged character of the EU. Social-liberal synthesis comprehension may be traced back to the foundation of the EU.

Although the European “Union” was formally founded on the 1st of November, 1993, “European integration had always had political objectives” (Bulmer, 2001: 3). The idea of unity was at the top of the political agenda since foundation. According to Duchêne (1996: 22), “after the war unity was widely accepted as the only recipe for peace after all the failures and blood-letting of the previous generation.” However, the tool to achieve the unity was rather economic. The Schuman Plan, elaborated by Jean Monnet, envisaged supranational administration of coal and steel via “creating common market, common objectives and common institutions” (Bulmer, 2001: 2). The European Coal and Steel Community (ECSC), which was the basis of the EU as an outcome of the Schuman Plan, put the major normative principle of the unity to reach peace and stability in the region: Equality. “It was obvious there would have to be ‘equality’ in any scheme if there were to be a permanent settlement with Germany” (Duchêne, 1996: 25). Thus, “the Schuman Plan was an explicitly

political proposal; it offered a breakthrough into supranationalism” (Bulmer, 2001: 9) based on the equality principle. The political-economic foundation of the EU would be benefited by the founder countries concerned:

On the one hand, greater efficiency would be gained in this important part of the economy through economies of scale. On the other hand, as the member states’ coal-making industries would be put under common control, war between France and Germany would be made impossible. (Argiros and Zervoyianni, 2006)

FIGURE 2: Basic EU Framework



Merged political-economic motives based on equality are seen in Figure 2. This is the summary of the foundation of the EU framework from the beginning: Tools (i.e. economic tools such as common market, customs union, etc.) fortified by the binding norms (i.e. equality) to achieve unity (i.e. political union). Indeed, norms have been multiplied, and tools have been differentiated and augmented so far. However, the goal has always been political, thus unity. This is the general framework that may be interpreted by all in various ways as Bideleux (1996: 3) contends:

European integration has always meant different things to different people. For Europe’s bankers and aristocrats, it may have represented a nostalgic desire to return to the Europe of cosmopolitan capital cities, relatively free trade and unrestricted travel (i.e. no passports and border controls) that existed before the First World War. For ‘European-minded’ socialists and technocrats, European integration represented an

opportunity to plan, to regulate and to build on a scale that would transcend European national boundaries and allegiances.

Sander (1996: 311) argues that the European Economic Community has had two unwritten goals since the beginning. The first was to make Western European countries stronger and more independent vis-à-vis the United States' economy. The second goal was the development of Western European liberal-capitalist states. Economic agreement based on equality to achieve unity in Europe necessitates greater competitive capacity in the region. Those who lagged behind should be balanced to strengthen political and economic unity. In order to do so, social and economic cohesion policy should be analysed vis-à-vis economic integration.

According to Hooghe and Marks (1999), the EU integration can be understood with reference to two different projects, namely neo-liberal and regulated capitalism. Neo-liberal project on the one hand focuses on the market mechanism which limits national state via economic internationalism for the sake of market competition, on the other hand strengthens national state via arguing that it is the only legitimate actor in the international relations. British Conservative Party with the leadership of Thatcher and Sir Leon Brittan who used to be the commissioner for competition in the Commission were examples cited by Hooghe and Marks. Social democrat project defends regulated capitalism which aims to enhance market mechanism, but not to destroy it like communists or not to make it independent like neo-liberals. Basic principles are positive regulation, partnership and social solidarity. There is a heterogeneous composition of the proponents of the regulated capitalism ranging from Christian Democrats to Social democrats. Even in the social democratic camp, there are critical voices as in Denmark and Greece.

Clash between neo-liberals and those who defend regulated capitalism resulted with an important outcome for Social Europe: "Neoliberals have had to

accept reforms involving positive regulation and redistribution in exchange for the assent of all national governments to liberalization. One of the products has been cohesion policy, a centerpiece of European regulated capitalism” (Hooghe and Marks, 1999: 92). Second victory for the supporters of regulated capitalism was the inclusion of employment policy in the European Monetary Union (Hooghe and Marks, 1999: 94) and another significant step was the adoption of the Social Charter (Hooghe and Marks, 1999: 95).

Such an analysis can be made via regional policies of the EU because they are good examples of *double-edged policies* of the EU: Regional policies can be viewed as a tool on the one hand for decreasing poverty in favour of poorer fractions of the society, and on the other hand, for creating competitiveness in favour of capital.

Regional policies mainly aim at reducing regional disparities among regions in member states. The political dimension of regional policies includes regional autonomy and democratic discourse. As to the financial dimension, financial solidarity between member states has been mentioned in the European Union since its inception.

In 1957, the Treaty of Rome stated the necessity "to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions." In 1986, the Single European Act “lays the basis for a genuine cohesion policy designed to offset the burden of the single market for southern countries and other less favoured regions.”⁷ In 1992, with the Treaty on European Union, “cohesion policy” has become one of the most important objectives of the EU in addition to the economic and monetary union. Finally in 1997, while the

⁷ See http://ec.europa.eu/regional_policy/intro/regions2_en.htm for timetable of the main stages in terms of the EU's regional policy. (16 June 2008)

Treaty of Amsterdam confirmed the importance of cohesion policies, a Title on Employment was added to the treaty.

Today, social and economic cohesion is one of the most significant parts of the EU policies. In accordance with these developments, the tasks of the EU are counted as follows in the Preamble of the Consolidated Version of the Treaty on the Functioning of the European Union: The EU is “ANXIOUS to strengthen the unity of their economies and to ensure their harmonious development by reducing the differences existing between the various regions and the backwardness of the less favoured regions.”

As demonstrated above, competition and cohesion are cited in the basic texts of the EU. “If the objectives of improved regional competitiveness and a greater employment content of growth are to be achieved, appropriate framework conditions and an environment conducive to entrepreneurial activity must be promoted in the regions” (European Commission, 1999b: 4).

Double-edged policy is clear in above mentioned phrase: Greater competitiveness and greater employment. The main aim is to achieve “growth.” It is the main conflict experienced within the EU to follow social policies while integrating a free market economy. The Lisbon strategy maintains this dilemma and double-edged policy: The EU wants to become “the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion”.⁸ Dunford (2002: 8) accentuates the grand tension between economic and social progress, and with reference to regional disparities in the EU, argues that social cohesion is neither enough and nor successful, because regional policies are not necessarily directed at socially disadvantaged categories.

⁸ See http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm for Presidency Conclusions of Lisbon European Council, 23-24 March 2000. (16 June 2008)

The problem here is to conciliate two basic EU policies, that is, economic integration and cohesion. As mentioned earlier, economic integration promotes increasing competition which means greater liberalisation and non-intervention. On the other hand, cohesion policies aim at withering away the unintended consequences of economic integration. The next section will deal with the social-liberal synthesis to understand the social aspect of the European governance with the caution of liberalism.

2.1.2.1. SOCIAL-LIBERAL SYNTHESIS IN THE POLITICAL AND ECONOMIC CRITERIA

The 1993 Copenhagen criteria state political and economic values of the “enlargement framework” as follows:

- stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities
- the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union

The social-liberal synthesis can be traced in these two general conditions. First, the political criterion includes “political liberal” values such as freedom of thought, expression and assembly. The EU sets democracy and human rights as preconditions for full membership. By democracy, the EU means free elections, multi-party system, control over government, separation of powers, rule of law and active civil society. As to human rights, the EU wants to protect liberties related to language, religion and gender, freedom of expression and press, freedom of assembly, minority rights and equality before law. This framework conforms to internationally recognized conventions such as Universal Declaration of Human Rights, European Convention of Human Rights, and International Covenant on Economic, Social and Cultural Rights, etc. A summary

of these principles is laid down by the consolidated version of the Treaty on European Union in Article I/2 as follows:

The Union is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to the Member States in a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

One may ask where the social dimension is in this political criterion. Above all, participation itself may be interpreted as a “social” value. “Participation may be regarded as a social gain to the extent that it removes obstacles in front of the oppressed in the social struggle arena and that it facilitates to oppose against dominant hegemonic projects” (Şener, 2005: 20). That’s why values of political liberalism are also supported by social-democratic and radical democratic thinkers. “The key to the new democratic state is ‘democratising of democracy’, achieving greater transparency in public affairs and experimenting with non-orthodox forms of democratic participation, including referenda and direct democracy” (Giddens, 1998: 20). For radical democracy thinkers, some distinctions between important notions, such as liberalism-democracy, economic liberalism-political liberalism should be made. According to Mouffe, it is of great importance to distinguish the notions of “liberalism” and “democracy” due to the fact that democracy does not necessarily refer to “liberalism” (Mouffe, 1993: 10). Mouffe⁹ argues that:

if one considers the liberal democratic tradition to be the main tradition of behaviour in our societies, one can understand the extension of the democratic revolution and development of struggles for equality and liberty in every area of social life as being the pursuit of these ‘intimations’ present in liberal democratic discourse. (16)

⁹ Mouffe puts forward that socialism is not a struggle against democracy, but “a struggle that aims to complete the democratic project that was begun in the liberal democratic revolutions of the 18th and 19th centuries” (Smith, 1998: 20).

What is argued here is not to state that political liberalism in the EU negates the economic liberalism since the second Copenhagen criterion is focused on market liberalism. What is claimed here is that the EU presents a suitable framework to struggle for equality and liberty with political liberal values.

Regarding the economic criteria that rule functioning market economy, the following argumentation can be made. As is known, acceptance of a market economy does not necessarily mean rejecting social policies or social democracy. On the contrary, social-democracy today accepts a functioning market economy, yet not in a way that corresponds to neo-liberalism. “Hostility to ‘big government,’ a first and prime characteristic of neo-liberal views. (...) The welfare state is seen as the source of all evils” (Giddens, 1998: 11, 13). There are multiple types of critiques raised by the new-right against the state as a source of wickedness. We may classify them into economic and ideological contexts. Economic arguments against the state, which are also used for legitimisation of privatisation, may be summarized as such (Syrett: 1999: 4-6): 1. They assert that political intervention into the economy negatively affects both the quality and the efficiency of goods. 2. Due to the fact that competition cannot occur owing to state intervention, advantages of the competition, i.e. low prices, quality goods, withering away of the inefficient firms, cannot be realised. 3. The state brings heavy burdens to the budget due to its high expenditures. As for the ideological critiques, the centre of the critique is again the market. According to the new-right, the market is the most equitable mechanism for producing “equity and/or justice” that means arithmetical sum of welfare. Since there is no centre to attract the income, then it is out of the question to accept state intervention to redistribute it. It is also underlined by the supporters of the neo-right intellectuals that the welfare state is against the individual liberties because of its nature stipulating the arbitrary authority. For them, there is no difference between socialism and the ideology of the welfare state (Özkazanç, 1997). Indeed, for

neo-liberals, non-intervention of the state is not only an economic, but also a moral necessity to achieve individual freedoms including freedom of choice, individual initiative, etc.

However, market fundamentalism,¹⁰ as in the case of neo-liberalism, should not be confused with the “functioning of market economy” criterion of Copenhagen. The functioning market economy does not have to substitute the state with the market. As Giddens (1998: 47-48) argues, “markets cannot replace government” in many areas including provision of welfare and regulation of the markets. This “third way” perspective is in line with social-liberal synthesis since it adopts markets and social aims together. This kind of thinking does not negate economic globalisation. At this point reconciliation of economic globalisation and social aims should be made since what is social in the EU as part of the international global system is important.

2.1.2.2. ECONOMIC GLOBALISATION

The dissertation adopts Glatzer and Rueschemeyer’s (2005) conceptualisation of economic globalisation:

- Expanding international trade in goods and services
- Expanding international capital flows
- An increasing internationalisation of productions through transnational corporations and global commodity chains
- A growing role of international organisations such as the World Trade Organisation, the World Bank, and the International Monetary Fund

¹⁰ Market Fundamentalism is the exaggerated faith that when markets are left to operate on their own, they can solve all economic and social problems.
<http://www.longviewinstitute.org/projects/marketfundamentalism/mffaq/view> (16 June 2008).

Four variables of this definition of globalisation are as follows: International trade, international capital flows, and an increasing role of multinational firms and international finance organisations.

According to Garrett

global trade increased from around one-third of world output in the early 1970s to almost 45 percent in 1995. The period from the early 1970s to the mid-1980s was greatly affected by dramatic swings in oil prices (up in 1973-1974 and 1978-1979 and down in 1985-1986). In the subsequent ten years, however, trade grew more consistently and quite rapidly. (2001: 7-8)

Therefore, after the 1980s, but especially since the end of the 1980s, capital mobility has been dramatically increased.

As to multinationals and their role in the global economy, statistics shows that the USA, the EU and Japan triad dominates the world's largest 500 multinational enterprises. (Table 2) The importance of the 500 firms may be summarized as follows: "Those 500 firms dominate international business. They account for over 90% of the world's stock of FDI and nearly 50% of the world trade" (Rugman, 2005: 3).

TABLE 2: World's Largest 500 Multinational Enterprises					
Country	1981	1991	1996	2001	2006 (*)
United States	242	157	162	197	170
EU	141	134	155	143	163
Japan	62	119	126	88	70
Others	55	90	57	72	97
<i>Total</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>	<i>500</i>
<i>Triad total</i>	<i>445</i>	<i>410</i>	<i>443</i>	<i>428</i>	<i>403</i>

Source: Rugman, 2005: 3.

(*) 2006 data is added by the author from

<http://money.cnn.com/magazines/fortune/global500/2006/>

As for international finance organisations, the World Trade Organisation has 151 members as of 27 July 2007. The table below shows the growing influence of the WTO with increasing member states. In addition to these members, considering 32 observer states, it is possible to say that nearly all of the countries in the world¹¹ are related to WTO regulations. This is in line with 182 members of the International Monetary Fund.

TABLE 3: WTO Members			
Year	1995	2000	2007
WTO	112	140	151

Source: Gathered by the author from <http://www.wto.org/>

These figures show that not only individual firms but also national states are mostly engaged in the global economic world.

2.1.2.3. COMPENSATION HYPOTHESIS

The framing of the economic globalisation demonstrates that ever-expanding open trade is an international fact that any national state faces. As such, it is important to explore the effect of economic globalisation on national states' policies in order to determine the margin of appreciation allocated to the national states. If it can be proven that national states have a chance to implement social policies in the global world, then in a parallel manner there will be a chance for a member state to implement social policies within the EU. The aim here is to show that neo-liberal policies which urge public expenditure reduction are not unavoidable. If there is a possibility to go another way, administrative reform may also follow the social democratic way as well.

Concerning the effect of economic globalisation on national government spending levels, there are three different arguments. The first is market

¹¹ The United Nations has 192 member states.

fundamentalism which stands for reduced government spending in order for integration into the global economic world.

The efficiency hypothesis claims that economic globalisation places strong downward pressures on social welfare policy through a variety of mechanism. The (...) argument (...) is that trade competition puts pressure on social expenditures that increase costs and leave products less competitive in international markets. (Glatzer and Rueschemeyer, 2005: 3, 5)

The World Bank (WB) is a typical example of an entity which advises Central and Eastern European countries (CEECs) that there “is a need to bring down public expenditure” (Funck, 2002: ix).

The second view argues that there is no immediate relation between government spending and open trade. According to Brady et. al. (2005: 933) the data “show that 12 of the 17 measures are insignificant for decommodification, 15 of 17 are insignificant for social welfare expenditures, and 11 of 17 are insignificant for social security transfers.” However, such a perspective finds its basis especially in affluent democracies, but not from middle-income countries.

The third hypothesis is the opposite of the efficiency thesis which includes political incentives into its theory: “Expanding the scope of markets can be expected to have two effects that would heighten citizen support for government spending - increasing inequality and increasing economic insecurity” (Garrett and Nickerson, 2005: 26).

According to Garrett and Nickerson (2005), total central government spending has been increasing since the 1970s in middle-income countries. Three conclusions made by Garrett and Nickerson (2005: 47-48) are as follows:

First, countries that are more exposed to international market (...) tend to have larger public economies. (...) Second, increasing capital mobility in recent years has significantly constrained the scope for public sector

expansion. (...) Third, democratisation has significantly mediated globalisation change in government spending dynamics.

The third hypothesis argues that democratic countries exposed to the international market have certain power to mitigate negative effects of globalisation via increasing government spending. Certainly, this is not an automatic process. According to Stephens (2005: 70):

trade openness leads to the expansion of the welfare state and higher social expenditure, but this effect is contingent on the partisan composition of the government. It is more likely to occur under labour or social democratic governments or coalitions of Christian Democrats and simply does not occur when secular right parties are in government.

At this point, a brief evaluation of public expenditures and social expenditures is needed in terms of the EU in order to test the third hypothesis. Table 4 aims at drawing conclusions on the basis of public expenditures.

TABLE 4: Consolidated General Government Expenditure (Excluding Net Lending), (1995-2000, % of GDP)						
	1995	1996	1997	1998	1999	2000
EU15	51.4	51.1	49.4	48.4	47.9	45.8
CEECs	41.5	42.0	40.0	40.5	41.4	40.8
HU	52.3	48.5	49.0	47.6	47.2	46.2

Source: (Funck, 2002: 3)

According to these figures, consolidated general public expenditure levels run at 49% between 1995 and 2000. The level has relatively been increased in the first five years of the term concerned. As for newcomers in the EU, public expenditure levels are relatively lower than the EU average. Nevertheless, the level for newcomers is slightly over 40%. The Hungarian case seems important at this point due to its high public expenditure level. The level runs at a similar trend with the EU average for the first five years of the term at stake, while the second five years the level moves higher than the EU average.

While public expenditure levels do not provide entire story in terms of social objectives, the distribution social expenses within it are of crucial importance. The tables and figure below present an opportunity to compare newcomers and the eurozone. It is seen from these data that social protection has the highest share within the public expenditure. Furthermore, public expenditure includes general public services, health, education and economic affairs. It is then possible to conclude that an increase in the public expenditure as far as the EU is concerned corresponds to an increase in social expenses, or vice versa. This reveals another fact that these levels can be seen legitimate and acceptable levels for any country that wants to join the EU. It may be concluded that the EU enlargement framework does not urge market fundamentalism. On the contrary it is up to the candidate country to choose the way ahead. This conclusion also supports the thesis that a functioning market economy does not necessarily mean cuts in public expenditure and social expenses.

TABLE 5: Total General Government Expenditure (% of GDP for 2000-2005)						
	2000	2001	2002	2003	2004	2005
EU25	45.5	46.5	47.0	47.7	47.1	47.3
EU15	45.6	46.6	47.1	47.8	47.3	47.5
HU	47.4	48.2	52.0	49.8	48.5	50.7

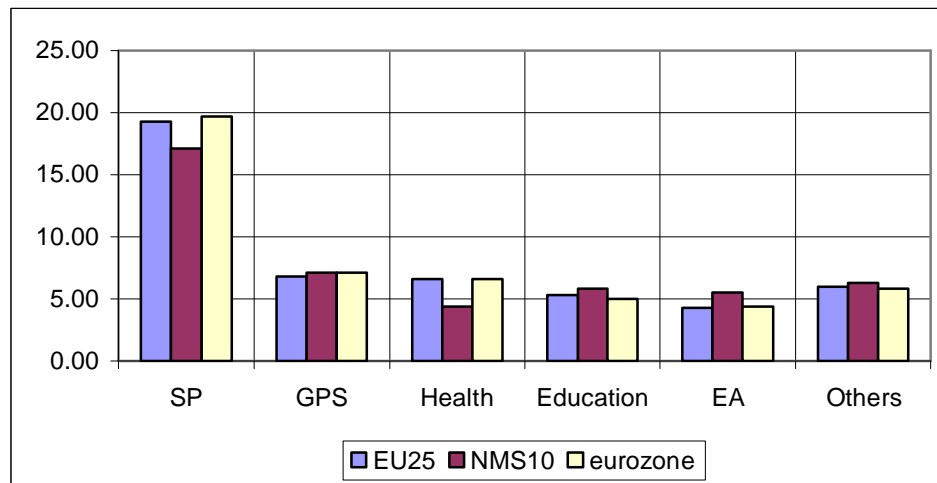
Source: Eurostat

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=dad16144> (16 June 2008)

TABLE 6: General Government Expenditure by Function (% GDP for 2003)						
	Social Protection	General Public Services	Health	Education	Economic Affairs	Other s
EU25	19.30	6.80	6.60	5.30	4.30	6.00
NMS10	17.10	7.10	4.40	5.80	5.50	6.30
Eurozone	19.70	7.10	6.60	5.00	4.40	5.80

Source: (Pulpanova, 2005: 3)

FIGURE 3: General Government Expenditure by Function (% GDP for 2003)



Source: (Pulpanova, 2005: 3)

The Turkish case reveals the fact that public expenditure levels follow an increasing tendency from 1995 to 2001, and reach to 46% which is the European level. (Table 7) Nevertheless, after 2002 the level again decreases.

TABLE 7: Consolidated Budget Balance (Percentage Share in GNP) (%)							
	1995	1999	2000	2001	2002	2003	2005**
Total Exp.	21.78	35.89	37.40	46.00	42.62	39.38	32.17
Current	8.20	11.70	10.82	11.56	11.12	10.80	10.04
Invest.*	1.17	2.00	2.20	2.72	3.07	2.01	1.89
Transfer	12.41	22.18	24.37	31.72	28.44	26.57	20.25
Interest Payment	7.33	13.69	16.7	23.27	18.86	16.43	9.40
Transfers to SEEs	0.58	0.53	0.71	0.63	0.79	0.53	0.29
Tax Rebates	0.81	1.48	1.30	1.65	2.06	2.34	2.57
Social Security	1.38	3.51	2.64	2.90	4.07	4.46	4.78

Source: SPO, Ministry of Finance, Undersecretariat of Treasury

(*) Wages related to investment are included in the personnel expenditures. (**) Not in form of Analytical Budget Classification. Special expenditure reductions are excluded.

Actually, a relative high public expenditure level does not prove that Turkey is a welfare state when compared to EU countries. First of all, Turkey's repayment of interest is 13% on average. It was the highest in 2001, when the economic crisis broke out. Thus, even in the high time for a consolidated public expenditure level in 2001, when subtracting repayments of interest, the real consolidated public expenditure level decreases to 22.73. Secondly, social security expenditures in the consolidated public expenditures are not even 5%, thus very low when compared to 20% levels in Europe. As such, Turkey's public expenditures and social expenditures are already lower than the EU average, including Hungary. This shows that, it is not the EU, but the Turkish governments themselves who decide these levels (with the strong influence of IMF).

In sum, the compensation hypothesis is important insofar as it puts forth the possibility that it depends on the domestic politics to decide on the size of the government in open economy conditions. In the dissertation, it is argued that any acceding country to the EU (including the EU members) can increase or decrease its government size. There is no any hindrance for that. Therefore, a neo-liberal public expenditure cut policy is not a compulsory solution stemming from so-called EU obligations which gives the countries a chance to follow social democratic policies as well as neo-liberal policies.

2.2. PLACE OF PUBLIC ADMINISTRATION REFORM IN THE ENLARGEMENT FRAMEWORK

Thus far, it has been explained that the EU could be analysed in the context of social-liberal synthesis. The main aim of doing so was to put forth the notion that the EU is not only a mechanism that constrains, but also a framework that presents opportunities for the EU candidates. In this section, the main tool of this framework, that is, administrative reform, will be explained in terms of the

Europeanisation mechanism and globalisation. Territorial integrity will be debated in terms of this enlargement framework.

2.2.1. EUROPEANISATION, GLOBALISATION AND EU ACCESSION

According to Wallace (2000: 381), “the impacts of globalisation in Europe have to be read through experience of Europeanisation.” In this context, Europeanisation is not something against globalisation, but included in globalisation. To put it another way, globalisation in Europe means Europeanisation. Fligstein and Merand (2002: 8) go one step further by arguing that “much of what people call globalisation is in fact Europeanisation.” By this sentence they mean, Europeanisation is an important part of globalisation. Their main reference point is the foreign trade volume of Western European countries in the global economy: “Western European countries accounted for between 40.2 and 48.3% of world export and 39.6 - 44.7% of world imports over the period 1980 - 1999” (Fligstein and Merand, 2002: 12). Therefore, more than one third of world trade up to half of it belongs to Europe. Another data validating Fligstein and Merand’s assertion can be deduced from Europe’s share in the world’s largest 500 multinational firms in the world as already indicate in the Table 2 before. Between 1981 and 2006, 147 EU firms on average (note that the number is 163 in 2006) were included in that list which covers nearly one third of the whole 500 multinational companies in the world. Hence, almost one third of the World economy was dominated by European multinational firms. These two data show that Europe dominates at least one third of the world economy which explains that Europeanisation and globalisation are not certainly mutually exclusive elements, but that Europeanisation is an integral part of globalisation. According to Verdier and Breen (2001: 232) “the market has decentralizing and deregulating effects making Europeanisation synonymous with globalisation. In contrast, the policy has the centralising effects, distinguishing Europeanisation

from globalisation.” In this study, Europeanisation is seen as one of the globalisation models which includes social - liberal synthesis:

The Europeans have managed to create their single market without lessening labour or environmental standards or weakening significantly the social safety net. This proves that governments that provide social protections for their citizens do not undermine the possible gains to be made from free trade. (Flistein and Merand, 2002: 21)

One more point to consider is that of setting up a relation between the EU and Europeanisation. According to Wallace (2000: 370, 379), although “Europeanisation cannot be locked to the EU,” the EU is “less different from other European frameworks, while also simultaneously making the EU more accepted as the preferred framework for new areas of collective policy development” (Wallace, 2000: 379). The aforementioned logical deduction can be made here as well. Since the EU dominates the European economy, and the European economy dominates at least one third of the world economy, it means the EU is an integral part of globalisation. In conclusion, it would not be incorrect to maintain that: The EU is a framework model of globalisation which depends on the social - liberal synthesis.

Now, Europeanisation and its mechanisms will be discussed in terms of Radaelli’s classification. Radaelli (2004) discusses three types of Europeanisation. The first is “Europeanisation as governance,” which implies multi-level governance and differentiated policy. In this sense, Europeanisation is closely linked to globalisation. This kind of Europeanisation depends on the country’s discretion and its interpretation on both globalisation and governance. For example, in Turkey, governance has been interpreted as “governance as new public management,” and globalisation has been kept equal to neo-liberal policies. It seems that this kind of Europeanisation corresponds to the “negative integration” mechanism further explained by Knill and Lehmkuhl (1999: 3) with: “It is important to emphasize, however, that European policies of market

regulation only exclude certain options from the range of national policy choices, rather than positively prescribing distinctive institutional models to be enacted at the national level.” Hence, there is no specific or positive institutionalisation here.

In line with this analysis, important deductions regarding the EU can be made. According to the data set supplied by Heritage Foundation’s 2008 “index of economic freedom,”¹² the most similar data are “trade freedom” and “monetary freedom.” Trade freedom is mostly similar because all EU countries adopt the same trade policy, including the 2% “common EU weighted average tariff rate.” Monetary freedom is also mostly similar because the inflation rate is relatively low and prices are set by the market as a rule. It shows that the EU economic model is mainly based on trade and monetary freedom. It coincides with the term “negative integration” which implies that “the abolition of trade barriers (...) has no direct impact on how the production (...) is regulated at the national level.” (Knill and Lehmkuhl: 1999: 3) Indeed, the EU members greatly differ in handling the regulation of the production. While Sweden, for example, prefers government intervention with 56.6% government spending of GDP, Romania tries to refrain from this with 31.2% of GDP. It is also true for fiscal freedom. EU members have different income tax rate. For example, while the income tax rate is 60% in Sweden, it is 19.4% in Slovakia.

In terms of negative integration, including trade and monetary freedom, the EU gets closer to globalisation. According to Levi-Faur (2004: 26), “privatisation of ownership and the widespread move toward the creation of independent regulatory authorities are less the product of Europeanisation than of the advance of retail competition.” It is in line with the finding that the regulatory role of the state in Turkey after 2001 overlaps with the EU accession. In the Turkish case, the regulatory role is mostly a result of the economic crises of 1994

¹² <http://www.heritage.org/research/features/index/index.cfm> (16 June 2008)

and 1998-2001. The EU indeed supported this role. However, it is not possible to explain this role change of the state with only reference to the EU accession. It is rather part of the globalisation of Turkey with the “help” of the EU. Levi-Faur (2004: 26) argues that the EU has a double role in terms of globalisation: “Although EU membership seems as a catalyst for liberalisation in some countries, it delayed the process for the most of the members.” In this context, Hungary and Turkey are included in the first group in which the EU played the role of “catalyst” as for the “promotion of liberalisation.”

The second type regards “Europeanisation as institutionalisation.” This seems “structural” and “uni-directional” which sorts out “misfits” via “adaptation pressures.” This kind of comprehension corresponds to the “positive” mechanism of Europeanisation. According to Knill and Lehmkuhl (1999), the Europeanisation level is the highest and the “institutional discretion is limited” with the positive integration. This may be read as EUisation, since a candidate country is expected to comply with the concrete institutional model of the EU. It is argued that institutional discretion may not necessarily be the case, since as Radaelli (2000) puts forth, institutionalisation is not equal to convergence. Indeed, existence of the same institution does not mean “convergence.” Such an institution may not function as the other institution or that institution might not be structured in the same way as the other. Ministries are the typical example of this kind of institutionalisation. Every country has a ministry of finance. Yet that does not necessarily mean that the ministry of finance functions or is structured in the same way as the others. Regional development agencies can be given as examples of this kind of institutionalisation since they are part of the concrete institutional model of the EU. Non-existence of these institutions can be seen as “misfits.” On the other hand, existence of these institutions does not necessarily mean “convergence.” Indeed both Hungary and Turkey have regional development agencies, but they structured their agencies in a different way, i.e. president, number of the members, affiliation of the members etc. Therefore,

institutionalisation gives countries discretion to set it up as they wish. Furthermore, institutionalisation may exist even without any EU model. For example, the EU urges candidate countries to establish inter-ministerial coordination mechanism and an EU-related organisation without specifying the details. In this context, institutionalisation is a must, but it depends on the country to decide on the details and the name of these institutions. Lodge (2002: 45) captures institutionalisation with or without an EU model. Institutionalism can either be the outcome of a “presence of an EU model” or an “adjustment as part of the EU membership.” Another important point suggested by Lodge (2002: 45) is his focus on the “differentiated impact of Europeanisation”. According to his analysis, institutionalisation may cause to “system maintenance,” “adjustment/partial re-engineering”, and “transformation.” These concepts have similar functions to those supported by Börzel and Risse (2000: 10): “Absorption, accommodation, and transformation.” In the first case, there is no significant change. The change is absorbed by the existing institutions. In the second case, there is partial change which does not distort the “core.” For Börzel and Risse (2000), these are rather patching-up institutionalisation. The final point reflects the “real” change in the institutional core system of any country concerned. It seems that EU accession is mostly related to the first and second kind of differentiated impact. For example, local government reforms are mostly absorbed by the Hungarian and Turkish governments under the existing institutions without changing the core structure. As far as regional policies are concerned, again, the core structure has not been changed, but only “patched-up.” The last point at stake is mostly related to a broader globalisation perspective. For example, in Hungary, this kind of transformation has come into existence after the “peaceful revolution” of 1989. As far as Turkey is concerned, this was the outcome of 1980s economic crises.

The third type is “Europeanisation as discourse.” At this point, it is enough to state that both Hungary and Turkey referred to Europeanisation in

order to strengthen the legitimacy of their reforms. This mostly corresponds to the “framing” mechanism as put forth by Knill and Lehmkuhl (1999). It reinforces the “overall support for broader European reform objectives” which suit well the legitimating function.

All these types of Europeanisation show that Europeanisation is not only a matter of post-membership or post-integration, but also of the EU accession process. “Thinking of Europe as grammar of domestic political action” (Radaelli, 2004: 10) exactly exists in both Hungary and Turkey as well.

2.2.2. GENERIC AND SPECIFIC ADMINISTRATIVE REFORM

As argued before, the enlargement framework presents both constraints and opportunities in terms of their capacity to implement public policies in line with their preferences. The main mechanism that builds the enlargement framework, that is, administrative reform, also contains important opportunities to choose. At this point, parallel to the compensation argument defended in the previous section, the EU cannot force any country for market fundamentalism. It is a general framework of the functioning market economy, and it is the countries’ margin of appreciation to follow neo-liberalism or not.

In this dissertation, reform comprehension is divided into two main categories as far as the EU integration is concerned. The first is a broader perspective that includes the change in the role of the state which may be labelled as “governance.” Hence, it corresponds to Radaelli’s term “Europeanisation as governance.” The second is the narrower perspective that covers institutional convergence of candidate countries to the EU which may be called “administrative capacity,” corresponding to Radaelli’s term “Europeanisation as institutionalisation.” The latter also is in line with Dimitrova’s term “governance by enlargement.”

“Governance refers to something broader than government, and it is about steering and the rules of the game. (...) [It] is about managing rules of the game in order to enhance the legitimacy of the public realm” (Kjaer, 2004: 7, 14). As is seen, governance is a framework, and such a framework cannot only be used for neo-liberal policies, but also for social democratic ones. Governance itself does not suggest directly the NPM. However, governance can be used for the sake of neo-liberalism. The governance framework substitutes post-war consensus among state-capital-labour with that of state-NGO-capital. Labour is incorporated into the NGOs. Furthermore, the state’s role is declined and role of direct involvement is changed with the role of a referee. Actually, such a formulation reduces the role of state and labour organisations in comparison with that of capital. (Güler, 2005a) Based on these assumptions, governance “may” be used for neo-liberal goals in line with NPM comprehension which is called “governance as NPM” (Rhodes, 1996: 655).

Specific reform comprehension includes “homework” that should be done by every candidate country that wants to join the EU. The administration part of this is constituted by the term “administrative capacity.” The explanation of this term is made by “good governance” principles intrinsic to the administrative law. It should be underlined that the term administrative capacity is a framework that comprises all types of administrative systems. In order to meet all types of administrative systems, the EU presents “elusive nature of administrative law principles” and “blanks concepts” as follows: Reliability and predictability (legal competence, proportionality, and procedural fairness), openness and transparency, accountability, efficiency and effectiveness (SIGMA, 1999: 9). There is no compulsory demand for change in the national administrative systems such as unitary or federal, etc. Furthermore, such a framework does not urge any administrative system to be in line with the NPM principles. That is, it will be argued that NPM is not compulsory to join the EU. “Candidate countries are required to have administrative system and public administration institutions

capable of transposing, implementing and enforcing the *acquis* according to the principle of obligatory results” (SIGMA, 1999: 6).

In the 1990s, the reform comprehension of Central and Eastern European Countries (CEECs) was different from that of Turkey, for CEECs reform was meant to transition to “first, a liberal democracy, and second a market economy” (Vanhuysse, 2000: 491). However, for Turkey, both liberal democracy and a market economy were a fact, although in a discontinuous way, since 1946. That is why administrative reform has rather been understood as a technical matter. Güler (2005: 59) argues with reference to former reform efforts that for Turkey it was thought that administrative reform should not address those problems which might have been issues of political preference such as intervention of the state into the economic life. However, as far as CEECs are concerned, administrative reform was part of the great transformation: “Transition from centrally controlled states where all power was derived from the central machinery of the Communist party, to democratic states, with power being derived from direct elections” (PHARE, 1999: 6).

However, reform comprehension of Turkey has changed in terms of European Union integration process. Contentious issues like the Turkish General Staff, which once had been excluded from the scope of the reform,¹³ have been included in the reform process. Furthermore, neo-liberal engagements have been systematically incorporated in the philosophy and texts of the reform. Turkish Public Administration reform finds its philosophy, as is explained explicitly by its law-makers, in “new management comprehension” (NMC). According to the justification of the law, the new management comprehension is founded on the four major changes (Turkish Prime Minister’s Office, 2003: 68): “economic theory, management theory, competitive structure of private sector and its

¹³ Tutum (2003: 441) acknowledges that some institutions like Turkish General Staff, National Defense Ministry, etc. have been excluded from the scope of the administrative reform in Turkey.

achievements, and development of civil society with its social critique and demand for change.” When refining the reasons, it is seen that there is a need for transformation in every aspect of management style in line with the neo-liberal economic theory. It is presented as “good governance” in the law. The NMC is composed of managerialism, new public management, market-based public administration and entrepreneurial government. According to Eryılmaz (2002), co-author of the law on public administration, these four approaches have common characteristics. For example, they promote market-based rationality, which means that every factor distorting the market should be cast aside. Furthermore, they are all against the Weberian type of classical bureaucratic model, and encourage flexible, decentralized, narrow centre and wide horizontal environment. Furthermore, they are all against direct participation of the public sector in service production¹⁴. Their position is market-centred and the role attributed to the state is regulatory with a referee function. Finally, since responsibility should not only be assumed by the leader, but by the environment, a citizen-focused approach is encouraged. However, the citizen here is the person who “buys” the goods and services concerned; so, s/he is in a position of “customer” vis-à-vis public service provision and production.

The NMC can be seen as another version of new public management which means “the transfer of business and market principles and management techniques from the private into the public sector, symbiotic with and based on a neo-liberal understanding of state and economy” (Drechsler, 2005: 17). However, the CEEC’s reforms do not primarily aim for the NPM as in the case of Turkey. The PHARE (1999: 7) report states that “it is not surprising therefore to find that emphasis has been given in some reform programmes to the development of a legal infrastructure more suited to a bureaucratic model than to the new public management model.” The path-dependent character of their administrative

¹⁴ The term provision includes "which goods" will be provided "how much" and "how" by "whom." The term production is rather related to the technique that converts inputs to outputs (Stein, 1991: ch. 1).

systems prevented CEECs from adopting the NPM model as quickly as other European countries under the influence of Anglo-American reform comprehension. For Hungary, it was also a matter of political choice:

The leaders of administrative reform were not to do with public management approach because of the opposite stream of administrative reform. (...) The government commissioner responsible for administrative reform has ever been sceptical about the NPM. (Vass, 1999: 14, 19)

It is the very consequence of the framework governance of the EU that NPM preference is left to the candidate or member country. Dimitrova (2002:179) confirms that “the Commission implicitly favoured the classical, Weberian model of civil service over the new public management model,” such as professionalisation, political independence, career system, etc.

These arguments show that administrative reform is not restricted to the simple re-arrangements and re-organisation of the administrative structures. Furthermore, some choices such as NPM are left to the countries who deal with the reform.

2.2.3. SUBSIDIARITY AND REGIONAL AUTONOMY IN THE CONTEXT OF TERRITORIAL INTEGRITY

Another problem that should be tackled is the influence of the EU over national administrative systems. The opinion of The Committee of the Regions (Comité des régions, 2002) focusing on the allocation of competences among Community, nation-states, regions and local authorities may be helpful to understand the official view of the EU. The formal opinion of the Committee particularly promotes the principle of subsidiarity.¹⁵

¹⁵ *The subsidiarity principle* focuses on the policy making process which is closer to “citizen.” According to that principle, the best way to be close to the citizen is “local and regional authorities.” This principle also implies that in which level (i.e., supra-national, national,

The Committee declares its full support for the subsidiarity and proportionality principles and backs the re-definition and re-partition of the competences among all levels concerned in the EU. The most significant part of this opinion is that it gives special attention to the regional autonomy. According to the text, application of the subsidiarity principle must guarantee the regional prerogatives and local autonomy which are seen as the key elements of the comprehension of better involvement and closeness to the citizen. Citing the previous propositions of the European Parliament, the Committee favours the acceptance of the principles of the “regional and local self-government.”

This opinion is also related to the governance comprehension of the Committee due to the fact that the governance principle tries to make the policy making process from the earliest part of it more democratic by simplifying the process and by interacting with all of the subjects concerned. According to that principle, better involvement and more openness are the key factors to produce “better policies.”

According to the European Governance White Paper (European Commission, 2001a: 4), to reach better policies and more openness, “there needs to be a stronger interaction with regional and local governments and civil society”:

- Establish a more systematic dialogue with representatives of regional and local governments through national and European associations at an early stage in shaping policy.
- Bring greater flexibility into how Community legislation can be implemented in a way which takes account of regional and local conditions.
- Establish and publish minimum standards for consultation on EU policy.

regional, local) a policy might be shaped and/or implemented better, that level would be responsible for the policies concerned except for the exclusive competences pertained to the Community.

- Establish partnership arrangements going beyond the minimum standards in selected areas committing the Commission to additional consultation in return for more guarantees of the openness and representativity of the organisations consulted.

The regional and local foci bring some questions to mind such as the integrity of the national states and diversity of the administrative structure of the EU. Since there are many different systems of government in the EU countries, how could it be possible to bring the subsidiarity principle into being? Moreover, in the context of territorial integrity of the EU countries, how should the problematic regions whose motive is to gather greater political autonomy be analysed?

In order to explain the subsidiarity principle better, Maastricht Treaty and European Charter of Regional Self-Government (ECRSL) should be examined.

ECLSG puts the subsidiarity principle in the Article 4/3 as follows: “Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.” In the context of this article, it is concerned “within the national state.”

According to the Article 5 of the Treaty establishing the European Community:

The Community shall act within the limits of the powers conferred upon it by this Treaty and of the objectives assigned to it therein. In areas which do not fall within its exclusive competence, the Community shall take action, in accordance with the principle of subsidiarity, only if and insofar as the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved by the Community. Any action by

the Community shall not go beyond what is necessary to achieve the objectives of this Treaty.

Considering this article, “specifically, it [subsidiarity] is the principle whereby the Union does not take action (except in the areas which fall within its exclusive competence) unless it is more effective than action taken at national, regional or local level.”¹⁶ Although the “direct” preference for the regional and local authorities in this article is not explicitly stated, combined with the governance principle, it may be inferred that the aim of the subsidiarity principle is to achieve a decentralized structure vis-à-vis the centre of the EU. Thus, the explanation in the treaty is related to the share of competence “within the European Union.”

When evaluating such a conclusion within functionalist framework, it is possible to draw three different conclusions: Subsidiarity is the principle that:

1. fosters democratic participation
2. decreases Brussels’ power
3. increases capital’s mobility

All these conclusions show that double-edged policy is also available in the subsidiarity principle. Multiple aims are carried out by incorporating subsidiarity into *acquis*.

In this context, what can be said regarding “territorial integrity” of the national states? The preamble of the European Charter of Regional Self-Government (ECRSG)¹⁷ underlies the territorial integrity: “8. Affirming that

¹⁶ For the definition of subsidiarity principle in the Europa glossary, see http://europa.eu/scadplus/glossary/subsidiarity_en.htm (16 June 2008).

¹⁷ Democratic character of the regional autonomy is put forward as follows: “1. Considering that the aim of the Council of Europe is to achieve a greater unity between its members for the

recognition of regional self-government entails loyalty towards the State to which the regions belong, with due regard to its sovereignty and territorial integrity.”

In any case, importance of the territorial integrity has already come into force by means of the European Convention on Human Rights (Article 10/2):

The exercise of these freedoms, since it carries with it duties and responsibilities, may be subject to such formalities, conditions, restrictions or penalties as are prescribed by law and are necessary in a democratic society, in the interests of national security, territorial integrity or public safety, for the prevention of disorder or crime, for the protection of health or morals, for the protection of the reputation or the rights of others, for preventing the disclosure of information received in confidence, or for maintaining the authority and impartiality of the judiciary.

As a conclusion, the subsidiarity principle and regional autonomy should not deteriorate territorial integrity of the national state. It is primarily up to the national state within the *general* framework of the rule of democracy and of its administrative structure to decide upon its extent. Especially as far as unitary states are concerned, it is not possible to argue that every unitary state will change its structure to federalism. Subsidiarity can be understood in two ways. The first understanding is making local governments stronger in the sense of decentralisation, and the second one is to decrease Brussels’ power vis-à-vis national states.

Since, the subsidiarity principle is basically handled within the EU in the context of the Maastricht Treaty (Demirci, 2007), there is no necessity for any

purpose of safeguarding and realising the ideals and principles of respect for human rights and democracy, which are their common heritage and constitute conditions for democratic security and factors for peace.” Afterwards, the Charter emphasizes on the functional dimension of autonomy in terms of European integration: “6. [Council of Europe] Aware that the region is an appropriate level of authority for effective implementation of subsidiarity, which is considered one of the basic principles to be observed with regard both to European integration and to the internal organisation of States involved in this movement.”

candidate state to comply its local governments with the subsidiarity in the sense of the Council of Europe. Nevertheless, candidate countries like Turkey and Hungary, on the grounds that there is no concrete model of the EU in terms of local governments, are inclined to implement the Council of Europe “model” stipulated in the European Charter of Regional Self-Government. That is why they followed or tried to follow the Council of Europe’s recommendations. However, this is not the case for regional policies since the EU has a “minimum” concrete model, i.e. statistical regions, and regional development councils. As far as regional policies are concerned, in the following sections, it will be supported that candidate countries are not exposed to “a threat” for their “indivisible” administrative structure.

2.3. THEORETICAL AND CONCEPTUAL FRAMEWORK FOR TURKEY

Thus far, the opportunity side of the EU and EU accession, that is, political component has been discussed in terms of the social-liberal framework and the administrative reform types. However, there is also a factor that constrains political authority and administrative reform attempts: the economy. Only if the EU accession process is in line with the role of the state in the economy can the EU influence be affective. The theoretical background of this assumption is based on economic crisis analysis. In this section, an economic-crisis based approach will be introduced in the context of Turkey.

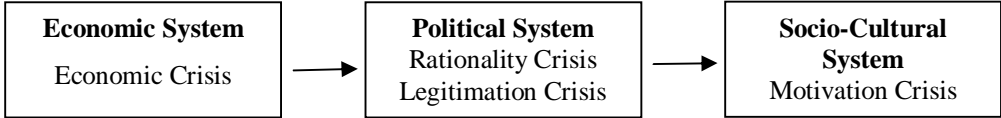
The radical public administration approach of Dunleavy (1982) underscores the importance of crises. However, these crises should not be evaluated as collapse, but rather as a new opportunity. That is why Dunleavy (1982) regards crises as “turning points” and “concentrated changes.” Since crises are endemic to capitalism, then there is no escape from crises. Nevertheless, O’Leary (1985: 347) sees this argument as a “lazy rather than new

Marxist argument.” Moreover, O’Leary (1985: 348) maintains that “if it is claimed that there is no crisis-free administration then the notion of crisis has lost precision.” However, the crisis-based approach does not suggest a static view on administration and administrative reforms. On the contrary, it presents a very dynamic approach. On the one hand, crises urge change in the role of state; on the other hand, administrative reforms consolidate the new role of the state. After the crisis, public administration shaped by administrative reforms is not defined with the crisis, but the consolidation. The dynamic part of the crisis-based approach suggests that the role of the state is not given at any time. It changes with crises. This change is not totally deterministic. It has both structural and voluntaristic dimensions. Structuralism mainly stems from the economic crisis, while voluntarism originates from the choices of ruling political power. Therefore, the role to be assumed by the state depends on the political choice of the political power vis-à-vis structural problems. The role retained by the state is not uniform, and open to change. Kiel and Elliot (1999: 626)

contend that the techno-economic paradigms that drive economic long waves are consistent with a pattern of initiation and eventually confirmation of reforms in public administration. The authors show that public administration reforms emerge during price downswings and are then followed by a period of “reform confirmation” during price upswings. (...) It is the turmoil of downswing periods that synchronizes with the emergence of major periods of reform in public administration.

As far as the Turkish case is concerned, it is argued that economic crises change the role and/or form of the state. Long wave crises change the role of the state as a whole (i.e., from intervention triggered by 1929 crisis to deregulation led by 1974 crisis), while cyclical crises (1939-1945, 1958, 2001) change the form of the state interference (i.e. protectionism or non-protectionism; privatisation or regulation). Like Habermas (1975), it is assumed that economic crises in capitalism are unavoidable; however, once the state assumes the

responsibility to overcome the economic crisis, then, it is immediately transformed into political crisis. (Table 8)

TABLE 8: Types of Crisis According to Habermas	
 <pre> graph LR A["Economic System Economic Crisis"] --> B["Political System Rationality Crisis Legitimation Crisis"] B --> C["Socio-Cultural System Motivation Crisis"] </pre>	
Economic Crisis	Fiscal crisis; high inflation rate, falling investment and productivity, pressure on business to increase prices and to decrease wages.
Rationality Crisis	Persistent difficulties for governments trying to enact coherent policies; bureaucratic, alienating and inefficient institutions.
Legitimation Crisis	Confidence crisis in political and administrative system, and loss of faith in public institutions; the rise of civil rights and social movements.
Motivation Crisis	Commitment to productive employment begins to wane; the disintegration of labor-capital-state compromise and mass labor strikes.

Source: adapted and developed from (Habermas, 1975)

The state tries to defeat crisis by means of administrative decisions via its steering mechanism. However, due to complexity and fiscal constraints appearing in state functions, it may not be able to handle the crisis. When the state fails to form and implement proper administrative decisions, rationality crisis appears and then legitimation crisis occurs when citizens lose faith (confidence) in public institutions. Another reflection of this failure in the socio-cultural system is motivation crisis.

At this point, administrative reforms become a tool of the political power to handle the rationality crisis for the sake of stability. However, such stability

can only be temporal since it will be exposed to changes by other economic crises as they are inevitable part of the capitalism.

By administrative reform, it is meant here purposeful intervention of the political power into the administrative structure and especially administrative relations in accordance with the role of the state triggered by economic crises. At this point, what is important to underline is that the necessity of administrative reform stems from economic crises. However, the anchor of the reform can be different such as military coup, or international organisations such as the EU or conditionality such as the Marshall Plan. However, what is crucial here is that it should be in line with the role of the state which emerged from the economic crises as the Turkish case shows. Therefore, administrative reform corresponding to the EU accession process as an *anchor* is in line with the regulatory role of the Turkish state *triggered* by 1998-2001 crises.

Administrative relations are especially important because administrative structures are more stable and resistant to change. For example, as part of local administrative reform regarding special provincial administrations, if following only the structural variables such as laws and establishment of the institutions, the point between 1949 - 1987 can be missed since only two fully new laws were passed in these years. By the same token, if we stick to administrative structure stemming from laws, then the analysis cannot differentiate the personnel system only with reference to 1939 and 1965 laws. Furthermore, establishment of State Economic Enterprises (SEEs) can inform one about the size of the state, but it does not explain the whole story about the involvement of the state in the economy. Privatisation of the SEEs cannot be explained only by the 1986 and 1994 laws. Moreover, for example, legal independence may be important, but it does not express the relations between the government and the central bank. Regulatory bodies began to be established at the beginning of the 1980s, but the structural analysis cannot explain why regulatory bodies became crucial after

1994, and especially after 2001. Finally, administrative reform reports cannot explain the whole story of public administration reform process if they could not find an opportunity to be realised. That is why administrative structure is important so long as it serves as a tool for analysing the administrative relations.

Administrative relations are defined with three dimensions in line with crisis orientation stemming from the economic to political and then to the administrative: Economy(-administration), politics(-administration) and centre-local (administration). However, prior to explaining these administrative relations, the starting point, that is to say, economic crises should be analysed.

In the dissertation, five major¹⁸ economic crises (Kazgan¹⁹, 2005) that affected Turkey are taken into account: 1929-1932, 1939-1945, 1958-1961, 1978-1981, and 1998-2001. There are three variables (Kibritçioğlu, 2001) indicating economic crises: GNP crisis, inflation crisis, and currency crisis. (Table 9)

GNP negative growth or rapid decrease tendency in GNP growth seems one of the most important indicators of the crises. Growth rate in GNP (DPT, 2006) was 26% in 1929, and it rapidly decreased to 2.2%. Turkey experienced negative GNP growth except for 1942 during the Second World War. In 1958, GNP growth continuously dropped from 4.5% to 2% in 1961. Between 1978 and 1981, GNP growth fell from 1.2% to -2.8%. Finally, Turkey experienced two great crises both in 1999 and 2001 with respectively -6.1% and -9.5% growth rate. Another important point (Kazgan, 2005: ix) is that Turkey had to announce a moratorium in 1929, 1958 and 1978. In the 2001 crisis, Turkey took “special support” from the IMF thanks to Kemal Derviş, and total debt reached to 78% of

¹⁸ According to Kazgan, there are also minor economic crises experienced by Turkey, occurred mostly in the post-1980 era: 1969-1970, 1989, 1991, and 1994.

¹⁹ Although Kazgan accepts that there is an economic shrinkage in the economy, she does not analyze the 2nd World War in her analysis. (Kazgan, 2005:1fn)

the GNP in 2001. The foreign support case is true also for the post-World War II period in Turkey due to Marshall Plan.

TABLE 9: Major Economic Crises in Turkey					
Major Crises*	GNP Rates**	Growth	Wholesale Price Indices**	Year	Average US\$ Rate (TL)**
1929-1932	1929 21.6 1930 2.2 1931 8.7 1932 -10.7	-	-	-	-
1939-1945	1939 6.9 1940 -4.9 1941 -10.3 1942 5.6 1943 -9.8 1944 -5.1 1945 -15.3	-	-	1945 n.a. 1946 2.8	
1958-1961	1958 4.5 1959 4.1 1960 3.4 1961 2.0	1958 19.5 1959 23.1 1960 1.3 1961 0.5	1958 19.5 1959 23.1 1960 1.3 1961 0.5	1958 9.0 (de facto) 1960 9.0 (de jure)	
1978-1980	1978 1.2 1979 -0.5 1980 -2.8	1978 53.6 1979 75.1 1980 90.3	1978 53.6 1979 75.1 1980 90.3	1979 37.6 1980 76.0	
1998-2001	1998 3.9 1999 -6.1 2000 6.3 2001 -9.5	1998 68.8 1999 43.7 2000 53.7 2001 57.7	1998 68.8 1999 43.7 2000 53.7 2001 57.7	2000 623704.0 2001 1225411.8	

Source: *(Kazgan, 2005) except for the Second World War, ** (DPT, 2006)

The inflation rate is another variable for economic crises. The 1958 economic crisis occurred after a continuous inflationist trend beginning in 1954. The 1978 crisis came along with increasing oil prices and the inflationist crisis began to worsen after 1976. In 2001, negative GNP growth followed by increasing inflation trend began in 1999.

The last variable that shows the economic crises is currency rate which reveals itself as “devaluation.” In Turkey, there were six devaluations (Küçük, 2003: 362-282) which correspond to minor or major economic crises: 1946, 1958, 1970, 1980, 1994, and 2001. As is argued by Küçük (2003), 1946 and 2001

devaluations have common characteristics: Integration/fusion to the West (especially the USA). The 1946 devaluation was the tool for “integration,” while the 2001 devaluation was the tool for “fusion” with the USA. The 1958 was “de facto” devaluation which the government rejected to realize it as “de jure” (Küçük, 2003; Kazgan, 2005). The 1980 devaluation was the forerunner of the neo-liberal era, while the 2001 devaluation indicated the beginning of the regulatory era in the neo-liberal period.

Considering other concepts and variables of the model, some explanations are needed for clarification of the analysis. By protection, I mean the protection of the domestic market against foreign producers. Typical example of this protection is the customs tax. After the 1929 crisis, the customs tax was increased more than two fold, from 16% to 38%. In the second half of the Second World War, the Turkish state preferred to reduce it to 21%, and it went down to 12% in 1944. The Democrat Party era continued this tendency. In 1950, the customs tax was 16% (Tezel, 1986: 142). In 1984, the customs tax was reduced from 76.3% to 48.9%, (Kazgan, 2004: 138) and then, after 1989 it went down considerably. In 1996, Turkey-EU customs union agreement was brought into force. By intervention, I mean, state involvement in the economy as not only provision, but also production of the public goods. State economic enterprises are the typical examples for evaluating interventionism. The 1930-1939 *Étatist* era is the beginning of the interventionist policies, and it is possible to state in line with Kazgan (2004: 76) that *étatisme* and closed economic system continued with the labels of “mixed economy” and “import-substitution” until the end of 1970s. Privatisation of the state economic enterprises started in the mid-1980s, and accelerated after 1994. External dependence in the model includes the export/import (import coverage of export) ratio and the foreign debt. Between 1930 and 1946, import coverage of export was more than 100% except for 1938 with 96.7 %. In the post-Second World War period the ratio went down continuously. The percentage of 92.2 in 1950 reduced to 68.6% in 1960, and to

36.8 % in 1980. Despite relative increase in 1980s and so forth, the ratio has never reached the level of 85% again (DPT, 2006). As to foreign debts, the foreign debt service ratio worsened in the post-Second World War period. It increased from 11.9% in 1950 to 30.7 in 1960. Despite relative decrease with 26.9% in 1970, it increased again to 47.4% in 1980. The ratio reached it climax in 2002 after the 2001 crisis with 48.8% (DPT, 2006). The periodisation of the role of the state with the variables mentioned above is shown in Table 10.

TABLE 10: Changing Role of the State vis-à-vis Major Economic Crises				
Period	Role of the State			Structural Factors and Crises
	Protection	Intervention	External Dependence	
1930-1939	+	+	-	1929 Great Economic Crisis
1946-1953	-	+	+	2 nd World War, USA Aids (Truman Doctrine and Marshall Plan)
1962-1976	+	+	+	1958 Economic Crisis
1980-1994	-	Deregulation Privatisation	+	1974 Oil Crisis, 1978-1980 Economic Crises
2001 -	-	Re-Regulation Privatisation	+	1994, 1998-2001 Crises

Source: Based on Boratav (2007)

It is argued that each role of the state corresponds to new administrative relations in three areas: Economy-administration, politics-administration and centre-local relations. (Table 11) Regarding economy-administration relations, the symbol institution of the era will be indicated. As for politics-administration relations, autonomy and power of the bureaucrats will be analysed with reference to their economic and political power vis-à-vis social classes. Finally, centre-local relations will be analysed via their revenues and functions in the corresponding era.

TABLE 11: Administrative Relations Corresponding to the Changing Role of the State					
Period¹	Crises²	Form of Intervention³	Corresponding Administrative Relations		
			Economy-Administrati on	Politics-Administrati on	Centre-Local
1930-1939	1929-1932	Protectionist Interventionist	Sümerbank ⁴	State = Party	Local Governments as agents of the centre
1946-1953	1939-1945	Non-Protectionist, Interventionist, and Externally Dependent	Industry and Development Bank of Turkey ⁵	Partisan Politics	Non-Welfare Decentralisa tion for Infrastructure ⁶
1962-1976	1958-1961	Protectionist - Interventionist, and Externally Dependent	State Planning Organisation ⁷	Relative Autonomy ⁸	Centralisation and “Urban Duality” ⁹
1980-1994	1978-1980	Non-Protectionist, Deregulatory, and Externally Dependent	Treasury and Foreign Trade ¹⁰	“Dual Bureaucracy” ¹¹	Decentralisa tion With Central Transfers, and “Entrepreneuri alism” ¹²
2001-	1998-2001	Non-Protectionist, Regulatory, and Externally Dependent	Regulatory Bodies	Pseudo-Autonomy	Local Governance

¹ Boratav (2007); ² Kazgan (2005) except for 2nd World War; ³ Mostly influenced from Boratav (2007); ⁴ Tokgöz (1999); ⁵ Tokgöz (1999); ⁶ Güler (1998); ⁷ Kansu (2004); ⁸ Keyder (2005); ⁹ Şengül (2001); ¹⁰ Aksoy and Polatoğlu (2004); ¹¹ Aksoy and Polatoğlu (2004), Güler (1996); ¹² Şengül (2001)

Management of the economy or economy administration relations reflects the role of the state directly. That is why institutionalisation symbolising the economy policy of the corresponding era is shown in the table above. *Étatism* was carried out via Sümerbank and Etibank (Tokgöz: 1999) under the guidance of the ministry of Economy (Öner, 2005) between 1930-1939. The Industrial and Development Bank of Turkey reflects the private sector and foreign aid oriented economy policy of the Democrat Party era (Tokgöz, 1999) between 1950-1960. The economy policy of the 1960s indicates the planning era, and typical

institutionalisation of this era is the State Planning Organisation (Kansu, 2004). The post-1980 transformation, in line with economic globalisation, reflects the change in the role of the state. Non-protectionist, deregulatory, and privatisation oriented policies were implemented by the government. The symbol institution was the “Treasury and Foreign Trade Undersecretary,” which was taken from the Ministry of Finance, and affiliated with the Prime Ministry. The 2000s are the years when the regulatory role of the state was reinforced. Therefore, typical institutions are regulatory bodies.

The second reflection of the change in the role of the state is politics-administration relations. In addition to position of the bureaucrats vis-à-vis politicians, salaries (financial power) of the bureaucrats will be taken into account in order to analyse this relation. The *Étatist* era de facto and de jure favoured the fusion of party and the bureaucracy. That is why these were the golden years for bureaucracy dominating the only political party. The power of the RPP (Republican Peoples Party) bureaucrats was diminished in the Democrat Party era of the 1950s. Unlike the RPP, this time a political party dominated the bureaucracy. The 1960s are the reappraisal of the bureaucrats. However, this regaining power is “relative,” since their power is to the extent they have support of the prime minister and the bourgeoisie. In the 1980s, “bureaucratic duality” (Aksoy and Polatoğlu, 2004; Güler, 1996) emerges in order for the implementation of neo-liberal policies. According to Turgut Özal, then Prime Minister, for the sake of neo-liberal policies, neo-liberal bureaucrats needed to be created. In the 2000s, in line with the regulatory role of the state, regulatory bodies proliferated. The main function of these bodies is to regulate the market; that is why they are bounded with free market policies which are dictated by international organisations such as the IMF and the World Bank. Therefore, they have “pseudo-autonomy” vis-à-vis international organisations.

A final point regarding the reflection of the role of change in the administrative relations is local governments and their relations to the centre. Variables for analysis of centre-local revenues, indicated in the table below, present the financial part of the relations. These variables are important because functions to be assigned to the local governments do not necessarily show their power. Endless functions with inadequate financial resources do not mean “strong” local governments. Local governments are powerful insofar as they have necessary financial power to perform their duties.

TABLE 12: Variables for the Analysis of Centre-Local Revenues (Final Accounts) ¹						
Period	LG GB²	LG GNP³	SPA / M⁴	M own⁵	M central⁶	M other⁷
1930-1939	-	+	+	- ⁸	+	+
1946-1953	+	+	-	na.	na.	na.
1962-1976	-	-	-	+ ¹¹	- ¹¹	- ¹¹
1980-1994	+	+	- ¹⁰	-	+	+
2001 ⁹ -	-	+	+ ¹⁰	+	+	-

Source: Except for GB and GNP, all data until 1995 was gathered from Çınar and Güler (2004, 51-59); The rest was gathered from TÜİK.

¹ (+) means, increase; (-) means, decrease when compared to the previous period.

² Local Government Revenues / General Budget Revenues

³ Local Government Revenues / Gross National Product

⁴ Special Provincial Administrations' Revenues / Municipalities' Revenues

⁵ Own Revenues of Municipalities

⁶ Share of the payments from general budget tax revenues in Municipalities

⁷ Other revenues of Municipalities

⁸ There is an increase after 1933 because of the *étatist* policies.

⁹ Data is available until 2004.

¹⁰ Metropolitan municipalities dominate the increase in the revenues of municipalities.

¹¹ Data is not available between 1971 - 1976.

The *étatist* era used the local governments as the agent of the centre, and *étatist* policies were implemented via local governments. In this sense, centralisation and *étatism* went hand in hand. The Democrat Party ameliorated the revenues of the governments especially as a budget share, and municipalities took the lead when compared to SPAs' revenues. In this era, municipalities mostly were in charge of infrastructure for the sake of foreign aids and the private sector. In the 1960-1980 era, despite an increase in the own revenues of

municipalities and central transfers, there was a decrease regarding the total revenues of local government. Despite this decline, 1973-1980 experienced the social democrat municipality movement. Urban duality as Şengül (2001) argues was the main characteristic of the era. Nationalist front governments were in power against social democrat dominance in the localities. The 1980s reflect the transformation in the role of the state. An entrepreneurial role (Şengül, 2001: 108) was given to the localities for the sake of the private sector, and their revenues were increased via central transfers. After 2001, “local governance,” which implies multiple actors apart from local “government,” dominates the centre-local relations. In this era, what is also crucial is that the local governments’ share in the general government budget declined considerably because of the crises that occurred between 1998 and 2001, despite a relative increase as a share of the GDP. Thus, despite decentralisation discourse of the local governance, local governments’ economic power declined vis-à-vis central government.

According to the theoretical and conceptual framework presented thus far, the European Union primarily corresponds to the post-2001 era. All tendencies were supported by the EU integration process: Regulatory bodies in the economy, pseudo-autonomous bureaucracy and local governance. In this context, the European Union did not change the current role of the state and administrative relations, but on the contrary, reinforced them.

The pace of the European integration process depends on the role of the state. For example, the start of the EU relations clashed with “the protectionist” role of the Turkish government in then 1960s. The transition era to customs union was started with 100% increase in the customs in order to protect the economy (Kansu, 2004). Then economy bureaucrats in the SPO were also critical or against the EU. That is why only after 1980s were EU-Turkey relations able to be revitalized. Application to the EEC and the 1996 Customs Unions should be

evaluated with the changing role of the state. Acceleration of the EU process reached its apex in 1999, in the high time of the financial crises and birth pangs of the regulatory era.

Administrative reform in the context of European integration gains meaning in terms of the changing role and administrative relations. In 2001 with the national program, administrative reform and compliance with the EU legislation were equalized. Nevertheless, due to the fact that there is no concrete public administration model of the EU, ruling governments implemented their policies which fit into their own neo-liberal ideology. That is why the post-2001 process experienced neo-liberal and new public management policies in the public administration reform. It corresponds to the assumption of this study that the overlapping character of the neo-liberal reforms with the EU harmonisation process is the preference of the political power. As a normative framework, membership to the EU does not reject social (democratic) policies. Therefore, EU integration and social (democratic) policies are not mutually exclusive. EU membership urges neither a cut in the public expenditures, nor new public management reforms. Furthermore, EU membership is not equal to federalism, and has never been the compulsory corollary of the EU integration.

In order to support these assumptions, Hungary will be taken into account in the next chapter. Hungary presents the case which proves that the NPM is not compulsory for a state to become an EU member. NPM policies have never dominated the administrative reform agenda until EU membership and were implemented only after EU membership because of the political preference of the ruling government. Secondly, public expenditures of Hungary continued to be above of the EU average which proves the case that a public expenditure cut is not a “must.” Finally, as a unitary state, Hungary proves that federalism is not the case for EU membership, including regional policies of the EU. On the contrary, Hungary’s quest for membership reinforced centralisation.

2.4. EVALUATION

In 1993, accession conditions were set in Copenhagen. In the 1995 Madrid Summit, “administrative capacity” criterion was added for the acceding countries. However it was a challenge for candidate countries to comply with this ambiguous criterion. Due to ambiguity of the administrative capacity development, candidate countries received support from PHARE and SIGMA. PHARE assists candidate countries in overcoming the challenges of the accession process. However, the 2001 report comprising the analyses of PHARE programmes from 1991-1999 was highly pessimistic: “Of the national programmes, only five assessments (28%) were rated “Satisfactory”; the rest (72%) were either “Unsatisfactory” (39%) or “Highly Unsatisfactory” (33%)” (PHARE, 2001: 4).

SIGMA, mainly financed by PHARE, also offered help for improving good governance and administrative capacity.²⁰ First, SIGMA (1998, 1999) developed European “principles” for public administrations. However, this did not end the ambiguity since they were rather “blank concepts.” Later, SIGMA developed a rather detailed list of “standards” including formal and dynamic dimensions of the reforms for mostly “central government.” Therefore, administrative capacity was defined on the basis of “principles” and “standards.” It proves that the EU has no single model of public administration and supplies a “framework” for the candidate countries in which they can adapt their administrative structures: “Candidate countries are not under any requirement as to the means they use (no one dictates how they should organize their administration), they do have to satisfy what lawyers call ‘performance requirement’ or ‘obligations of results’” (SIGMA, 1998: 13).

²⁰ Importance of the administrative capacity development increased with the 2000 Feira criterion which rules that “The effective incorporation and enforcement of the EC law shall determine the negotiation speed” (NISPAcee, 2005: 16-17). Therefore, proper functioning of the public administration system would not only underpin, but also accelerate the EU accession process.

Definition of administrative capacity on these bases also shows that the challenge is not just stemming from the capacity to assume the obligations of the EU accession, but also the capacity of the public administration system as a whole. That is to say general “modernisation” efforts should also be pursued for the sake of EU membership. That is why administrative reforms are broken into two categories, although they are closely interrelated. The first category is generic administrative reform, which aims at developing governance structure of the administrative system, while the second one is specific administrative reform, which aims directly at EU membership. Since the relevant examples will be given in terms of Hungary and Turkey in subsequent chapters, for now, it may be useful to exemplify this distinction with reference to Bulgaria whose strategic goals correspond to this classification. The first strategic goal implies generic public administration reform: “Modernization of the administration.” The second strategic goal is rather specific when compared to the first goal: “Building and strengthening of professional and stable administrative capacity.” The first strategic goal is related to “good governance and development of the public administration”, while the second one is connected to “strengthening the capacity of the public administration” (Republic of Bulgaria, 2005).

Since candidate countries are free to choose the content of the reform for the sake of EU membership goals, they have room to *manœuvre* to choose or not to choose certain policies, such as public expenditure cut, the NPM or regional autonomy/federalism. It also indicates that the framework supplied by the EU is “social-liberal” since it “allows” relatively high public and social expenditures within the EU (and the EU accession process) while “urging” trade liberalization via the customs union. Hence, the EU as a framework has both constraints and opportunities. By opportunity, I mean the influence of the subjective factors (i.e. political power of the candidate country) to determine the “content” of the reform and by constraint I mean that objective factors’ (i.e. the role of the state)

significance in the reform process. Therefore, in the EU accession process both subjective and objective factors are influential.

CHAPTER THREE

3. PUBLIC ADMINISTRATION REFORM IN HUNGARY

Hungarian public administration reform will be analysed in this chapter in the context of the EU accession. Administrative Reform Chart 1 implies two different but interrelated reform processes in Hungary. While the first one is “Europeanisation as institutionalisation,” which is specific reform comprehension related to the management of European accession, the second one is the generic reform understanding which is related to “Europeanisation as governance.” Both of the processes are part of the modernisation of public administration. In this study, specific reform is defined as an attempt to increase administrative capacity for a candidate country to be able to assume full obligations stemming from EU candidacy. On the other hand, generic reform is wider than specific reform, aiming not only at developing administrative capacity for the sake of European membership, but also improving public administration, consolidating democratisation and market economy. Together, they constitute modernisation of public administration. Although specific reform is part of the generic reform process, categorically they ought to be separated in order to understand the relation between them. Categorisation is important because specific reform itself does not urge any specific model, since it is mostly shaped by the principles which are “standards and good practices” (SIGMA, 1999). Under these circumstances, specific reform is guided by the generic reform comprehension.

Since there is no specific model in the EU, therefore, this distinction underlines the importance and influence of the owners of the reform. Therefore, the EU accession does not automatically promote specific policies in terms of public administration reform such as reduction of public expenditure, downsizing of civil service, introduction of new public management principles, and federal

re-organisation of localities, etc. Nevertheless, this framework and categorical distinction does not argue that owners of the reform can follow anti-capitalist policies under Europeanisation; yet it maintains that social²¹-liberal policies are still a possible outcome depending on the political will.

TABLE 13: Hungarian Public Administration Model					
	<i>Central Administration</i>	<i>Management of EU Accession</i>	<i>Local Governments</i>	<i>Regional Administration</i>	<i>Civil Service</i>
<i>Model</i>	Strong Prime Ministerial	Ministry of Foreign Affairs-Led	Administrative Decentralisation	Administrative Regionalisation Based on Existing Local Governments	Career-Based Weighted Mixed System

The main point considering the relation between specific and generic reform is that these two are complementary to each other. As Metcalfe (1998: 60) argues, “first, since Europeanisation is in line with the objectives of other reforms, it gives administration a specific direction that might be lacking. (...) Second, there is a structure of incentives and assistance to reinforce the process.” The SIGMA report emphasises that modernisation of public administration is a kind of preparation for entering into the EU, more precisely, the Europeanisation process. It implies that modernisation is wider than a support for EU affairs, itself a part of the Europeanisation process. This point welcomes modernisation efforts of Hungary for the sake of European accession.

Public administration reforms had already begun in Hungary prior to the end of the previous political regime. This gave Hungary the advantage of being at the forefront with regard to other EU candidate countries. The reform process has consisted basically of progressive adoption of administrative principles and standards prevailing in EU Member States.

²¹ Hungary will be able to use substantial material support (25.3 billion euros) thanks to EU cohesion policy in 2007-2013. The structural aid in Hungary by the EU was 3.2 billion euros for the period of 2004-2006. http://ec.europa.eu/regional_policy/atlas2007/fiche/hu_en.pdf and http://ec.europa.eu/archives/commission_1999_2004/barrot/visite/doc/hongrie_fs2004_en.pdf (16 June 2008).

Otherwise said, the reform or modernisation processes have been Europeanisation processes. (SIGMA, 2002)

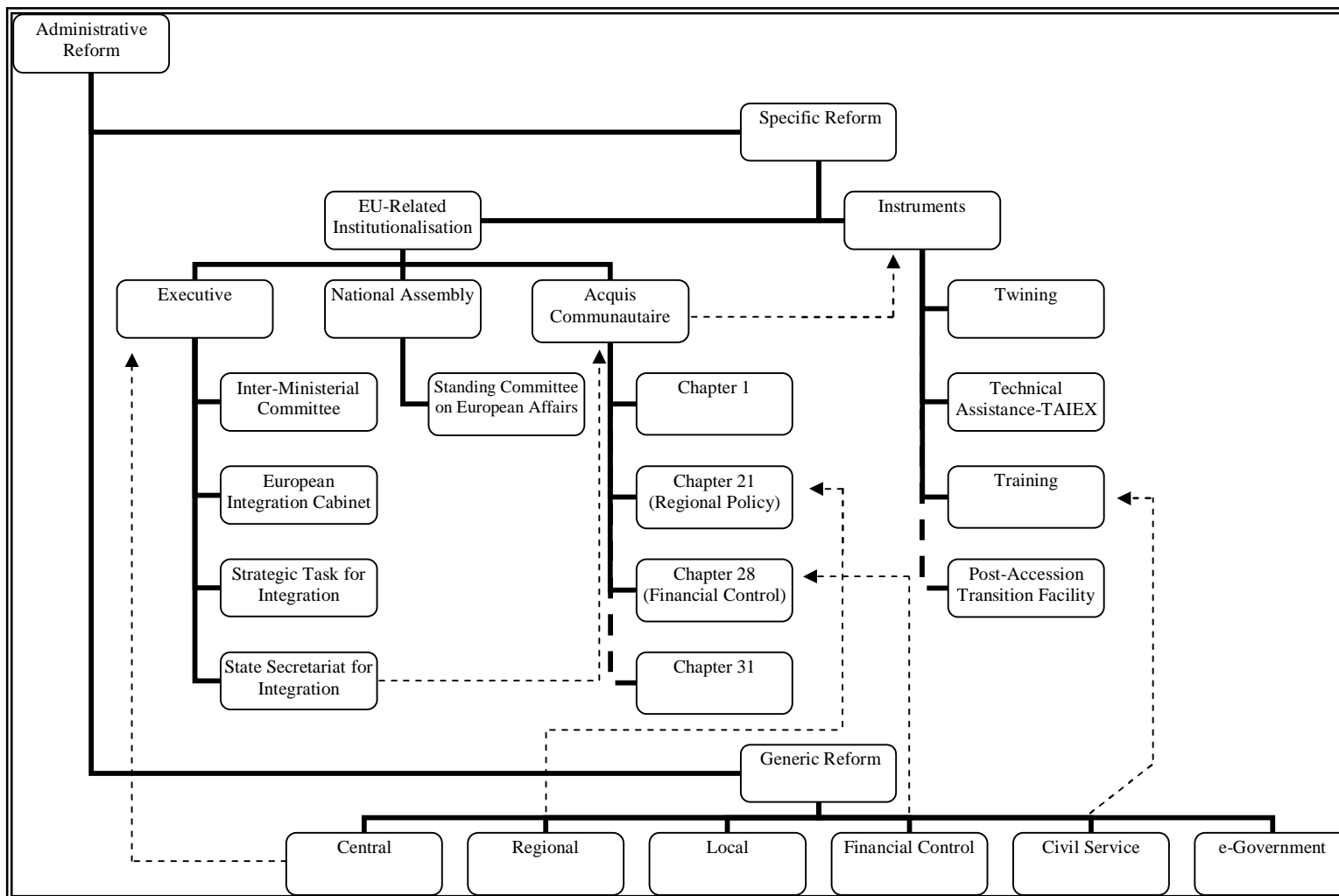


Chart 1: Specific and Generic Administrative Reform in Hungary in the Process of EU Accession, 1998.

As seen in the Chart 1, two basic categories of specific reform include 1. EU-related institutionalisation and 2. Instruments. EU-related institutionalisation can be broken into three categories: 1. Executive, 2. National Assembly, and 3. *Acquis Communautaire*. The executive includes the governmental level and leading bodies on European affairs under the PMO and the Ministry of Foreign Affairs. The National Assembly level includes the committee in the Hungarian National Assembly. Finally, *acquis communautaire* consists of 31 negotiation chapters with which are the state needs to comply. Under the leadership of State Secretariat for integration, the inter-ministerial committee deals with these 31 chapters with 31 working groups. Of them, especially chapters 21 and 28 are of crucial importance in terms of public administration reform since each topic, namely regional policy and financial control is intertwined with the content of generic reform. As to the instruments, they are EU assistance for improving administrative capacity for the sake of adoption of the *acquis*. Twinning is the involvement of EU experts into institutional restructuring in order to improve administrative capacity. TAIEX is the name of the Office of the European Commission's Directorate General for Enlargement coping with technical assistance and information exchange as its name suggests. Such activities as expert visits, study visits, seminars and workshops are typical examples of TAIEX support. Training of civil servants is important "to enable the public administration personnel to perform the tasks deriving from the EU accession process and membership" (The Hungarian Government, NPAA, 1999). What is important to note here is that institution building and increasing administrative capacity aims are not only confined to the pre-accession period. The EU defines a "transition" period even after the full membership with "transition facility national plan" whose objectives are to strengthen institutional weakness identified in the 2003 Comprehensive Monitoring Report for Hungary. The transition period comprises the years of 2004-2006, although implementation may take a couple of more years. Instruments are "to the point" tools for improving administrative capacity related to the *acquis communautaire*.

This is the framework of “Europeanisation as institutionalisation” of public administration of the case study, Hungary. Apart from this specific dimension, a general framework for the reform is supplied by the improvement of public administration, which is called as “generic reform” in this study. Above all, this generic reform comprehension contains three administrative levels, namely, central, regional and local. Furthermore, it contains fiscal and personnel issues which are regulated separately due to their significance. Finally, e-government is the tool of Hungarian governments to catch up with modern techniques of administration. As is seen from Chart 1, the central level of the generic reform is interrelated with the EU-related institutionalisation of the executive. Regional and financial control dimensions directly find its echo in the chapters mentioned before. As to local level, decentralisation is one of the dominant themes of the generic reform. The issue of civil service may also be read in relation with the training of civil servants with financial and administrative co-operation. However, the generic context of civil service goes beyond this dimension.

3.1. MODERNISATION OF HUNGARIAN PUBLIC ADMINISTRATION

The Hungarian Public Administration reform process will be analysed basically on the basis of government resolutions. Basic documents related to public administration reform are indicated in Table 14.

These government resolutions show that public administration reform is a continuous process which is handled by each government. Second, as the title of these resolutions suggest, public administration reform is dealt with the terms modernisation and development (or improvement). Finally, modernisation and Europeanisation are closely related to each other since not only present laws and

regulations but also draft-laws should be evaluated in terms of their compatibility with the EU acquis²² (Vida, 2002: 61).

TABLE 14: Government Resolutions on Public Administration Reform	
1026/1992 (V. 12.) Kormány határozat a közigazgatás korszerűsítéséről	(on the modernisation of public administration)
1100/1996. (X. 2.) Kormány határozat a közigazgatás reformjáról	(on public administration reform)
1052/1999. (V. 21.) Kormány határozat a közigazgatás továbbfejlesztésének 1999-2000. évekre szóló kormányzati feladattervéről	(on government task plans for the improvement of public administration for the years 1999-2000)
1057/2001. (VI. 21.) Kormány határozat a közigazgatás fejlesztésének 2001-2002. évekre szóló kormányzati feladattervekről	(on government task plans for the development of public administration for the years 2001-2002)
2198/2003. (IX. 1.) Kormány határozat a közigazgatási rendszer korszerűsítésével kapcsolatos feladatokról	(on tasks concerning modernisation of public administration system)
1113/2003. (XI. 11.) Kormány határozat a közigazgatási szolgáltatások korszerűsítési programjáról	(on modernisation program of public administration services)
1052/2005. (V. 23.) Kormány határozat a közigazgatás teljesítményének növelését szolgáló rövid távú intézkedésekről és átalakításának középtávú feladatairól	(on short-term measures for the increase of achievement of public administration and on middle-term tasks for its transformation)

Unofficial translation by Ferenc Laki

Source Note: Based on Hajnal (2006) except for 2198/2003.

Modernisation of public administration was meant to establish basic institutions to put a distance to the Communist past. In that sense, modernisation meant transition to democracy and a liberal market economy. Hesse (1998: 170) calls this period as “transformation” and “consolidation”. After 1994, but especially after 1996, modernisation intertwined with Europeanisation. After 1998, modernisation gained the meaning of “public service development”

²² Vida (2002: 61-62) puts forth clearly that harmony with the EU acquis is a duty of the ministry of justice since 1995. However, harmonisation of the acquis was accelerated especially after 2000.

suggesting that what was missing was the proper functioning of institutions for the sake of the management of EU accession. As Verheijen (1998: 29) puts forth this phase of “administrative reform process is fully geared towards specific requirements for European integration.” Finally, after 2002, with the certainty of EU membership, the term modernisation gained a different meaning than it used to have. Already politically democratic and economically liberal Hungary aimed for “a nation-wide renewal of public administration” (Zoltán, 2003) and the management of post-membership. Each meaning of modernisation contained the previous one while going beyond it.

Modernisation in public administration began with four major attempts: The first was the reorganisation of the central administration with which the first government resolution (1026/1992) was mostly engaged. The reason for that according to Verebéli (1993: 11) was that “state needs to be strengthened in its proper functions.” The second was the autonomy of local governments, thus decentralisation. Hungary pioneered the way of the reform on local government among Central and Eastern Europe. Hungary not only adopted self-government as a constitutional principle, but also introduced the first law (Act LXV) in 1990 on local self-governments. Moreover, Hungary adopted the law (Act LXXVII on the Rights of National and Ethnic Minorities) establishing local and national minority self-governments in 1993. Regional reform was not on the table at this time. The third point was related to civil service reforms. Hungary was the only example that introduced civil service law in the immediate post-Communist era. Hungary adopted two laws both in 1990 and 1992, respectively “the Act on State Secretaries” and “the Act on the Legal Status of the Civil Servants.” Finally, the government promoted the modernisation of the public administration information system with the establishment of “Inter-Ministerial Committee for Information Technology and the corresponding working unit within the Prime Minister’s Office as early as in 1991” (OECD, 2001: 2).

TABLE 15: Meanings of Modernisation of Public Administration in Hungary				
	<i>1990-1994</i>	<i>1994-1998</i>	<i>1998-2002</i>	<i>2002 -2006</i>
<i>Governments</i>	Antall-Boross	Horn	Orbán	Medgyessy-Gyurcsány
<i>Modernisation</i>	Transition and consolidation	Europeanisation (Accession management)	Public service (administrative capacity) development	Europeanisation (post-membership management)

Modernisation program adopted by the government included the following tasks (Szabo, 1993: 99):

- a review of the organisation and operation of the government, which looks in particular at decision-making mechanisms and practices in cabinet; the tasks of governmental bodies, including the role and functions of the Prime Minister's Office; and the role of governmental supervision and control;
- the division of tasks and functions amongst ministries and between departments and other central organs with nation-wide competence; and
- the modernisation of the ministries' internal organisation and management.

As has been discussed thus far in the analysis, basic tools for public administration reform were laws and decrees. The number of these legal changes is insightful. "High numbers of the amendments and newly adopted laws" led to "great burden on government and public administration" (Szabó, 1993: 91) which paved the way for "an endless and chaotically re-iterating process of (re-)drafting and (re-) adapting laws without significantly impacting the actual policy content they are about the implement" (Hajnal, 2006). As the table below suggests, the National Assembly adopted 100 laws on average in the immediate post-Communist era which is very high compared to four or five laws in the Communist era. (Freedom House, 1998: 8) The average continued to increase with Europeanisation. Regarding the number of the legal regulations, 1997 seems to be the turning point for the ever increasing regulations, except election times, concerning law-making process.

TABLE 16: Number of Legal Regulations Adopted, 1990-2004				
	Acts	Government Decrees	Ministerial Decrees	Total
1990	104	232	280	616
1991	93	188	250	531
1992	89	177	275	541
1993	<i>116</i>	185	307	608
1994*	105	190	351	646
1995	<i>125</i>	179	341	645
1996	<i>131</i>	242	384	757
1997	<i>159</i>	288	598	<i>1 045</i>
1998*	93	245	552	890
1999	<i>125</i>	228	<i>561</i>	<i>914</i>
2000	<i>145</i>	278	<i>514</i>	<i>937</i>
2001	<i>121</i>	326	<i>621</i>	<i>1 068</i>
2002*	68	<i>315</i>	<i>635</i>	<i>1 018</i>
2003	<i>133</i>	285	<i>696</i>	<i>1 114</i>
2004	<i>114</i>	<i>318</i>	<i>741</i>	<i>1 173</i>
Total	1 721	3 676	7 106	12 503

The total does not include local government decrees.

*Election times

Source: Balázs et al, 2005: 15

In terms of the ownership of the modernisation of public administration, the role of the core executive, which is going to be discussed in the following section of this chapter is predominant. The first Government Resolution²³ (1026/1992) “designated the Ministry of Interior and the Prime Minister’s Office (the PMO) as jointly responsible for assessing and reporting on the progress of implementation. This reform effort sought to audit the administration rather than to reorganize the institutional system” (Vass, 1999: 11). In the Horn government, the primary role was taken from the Ministry of Interior and given to the PMO but especially to the newly created post of Government Commissioner for the Modernisation of Public Administration, the former Secretary of the Ministry of Interior who “prepared the first reform-document as well” (Vass, 1999: 12):

²³ “The Program aborted within a year because of the death of Prime Minister Jozsef Antall. His successor to the position was the Minister of the Interior. After this change, neither the Ministry of Interior, not the Prime Minister’s Office reported any progress” (Vass, 1999: 11).

The rationale here was to create a *primus inter pares*, raising the profile of public administration policy to supraministerial status. In this arrangement, the Ministry of Interior retains implementation responsibilities with regard to both civil service and relations with local governments. (Nunberg, 1999: 114)

Apart from these ministries, the Ministry of Finance became an important actor because of the budgetary implications of public administration reform. All these actors were involved in the process by means of two inter-ministerial committees: “the State Committee on Deregulation, chaired by the Government Commissioner for the Modernisation for Public Administration with participation by the Ministry of Interior, and the Committee on Public Finance Reform, chaired by the Ministry of Finance” (Nunberg, 1999: 114-115). With the Orbán government, State Secretary of Public Administration and Regional Policy became in charge of public administration reform. “An Inter-Ministerial Committee on Public Administration was set up in February 2002 to produce an action plan based on the conclusions of the 2001 Regular Report and on the recommendations of the OECD report on the regulatory regime” (European Commission, 2002: 21).

The main objectives of the 1996 reform-plan were the following (Vass, 1999: 14):

- completing the establishment of a fundamental framework and institutions for the new system of public administration;
- increasing the efficiency and improving the quality of administration work, and reinforcing its service-providing nature;
- replacing the sometimes superfluous, complicated, and bureaucratic public administration with a smaller, simpler, faster and more cost-efficient public administration that performs the necessary tasks with a better-qualified and stable personnel;
- making public administration law-bound; indeed, more serious legal consequences, such as sanctions, should prevent public officers, citizens and organisations from infringing on the law, and internal and external control of public administration should be more regular.

The Horn government incorporated three more areas of reform into modernisation of public administration: Region, management of EU affairs, and financial control. The Law on Regional Development and Physical Planning with the influence of Europeanisation (see next sub-section on regions), and management of EU affairs was allocated to one single institution, namely the State Secretariat of Integration, under the leadership of the Ministry of Foreign Affairs (see the next sub-sections on transformation of the core executive). “The Government Control Office, as a newly established organ became an efficient tool for financial control over the entire public administration. A comprehensive system of public procurement was also introduced. The number of government offices was reduced significantly by some 30%” (Vass, 1999: 14). That is why modernisation attempts became strongly interrelated with Europeanisation in the Horn government.

The Horn government also continued consolidation of Hungarian marketisation in line with neo-liberal policies. Public expenditure cuts came along with the decrease in the number of civil servants. General government expenditures fell sharply as of 1995 until 2000. However, the expenditure level went up again until 2002. There are two main distraction points regarding the public expenditure level. The first occurred between 1995-1996 which is not shown in this chart. The public expenditure level was reduced from 60% to 50%. The second major deviation occurred between 1998 and 2000. The public expenditure level decreased from 50% to 40%.

Public expenditures as a share of GDP have grown in the first half of 1990s because of the decline of output and in response to the spending pressures of early transition. However, following an emergency stabilisation package in the mid-1990s, the ratio has declined sharply (...) This rationalisation appears to have ended in 2000. (Cekota et al, 2002: 6)

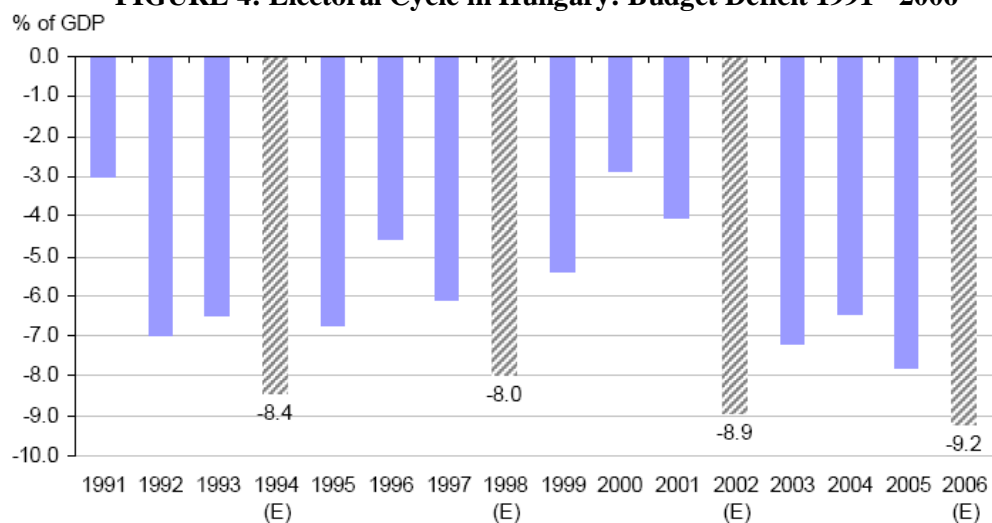
The assumption of the study was that public expenditure cut policy was not a pre-condition for a candidate country to join the EU. Figure 5 below shows

that although the second major deviation with public spending cuts came along with the 1998 negotiation process, it did not follow a uniform pattern even during the negotiation process and began to increase after 2000. Moreover, the post-membership process was not followed by public expenditure cut policies. Finally, Hungary has always been above the EU average in terms of the public expenditure level during the EU accession process.²⁴ A comparative analysis of budget deficits and public expenditure levels between 1998 - 2006 may explain these fluctuations. Figure 4 shows that in the election times (1994, 1998, 2002 and 2006) budget deficit increases. In Figure 5, it is possible to see that in election years (1998, 2002 and 2006) public expenditure level reaches its temporary peak point considering previous years. Thus in the election years both budget deficit and public expenditures increase together. Not surprisingly budget deficit increases with higher public expenditures. Since the public expenditure level is related to domestic politics, rather than EU accession or EU membership, it is not the EU conditionality but the Hungarian governments' policies which determines public expenditure level.²⁵

²⁴ According to other data (quoted from Commission services by Jankovics (2008: 3), government expenditures in Hungary increased from 51.3% in 1996 to 51.9% in 2006. Changes in the components from 1996 to 2006 are as follows: Interest payment from 9.6% to 4.0%; investment from 1.7% to 4.4%, social benefits in kind from 13.5% to 15.0%, compensation of employees from 10.6% to 12.2, purchases of goods and services from 11.0% to 10.5%, and other (subsidies and other current and capital transfer) from 4.9% to 5.9%.

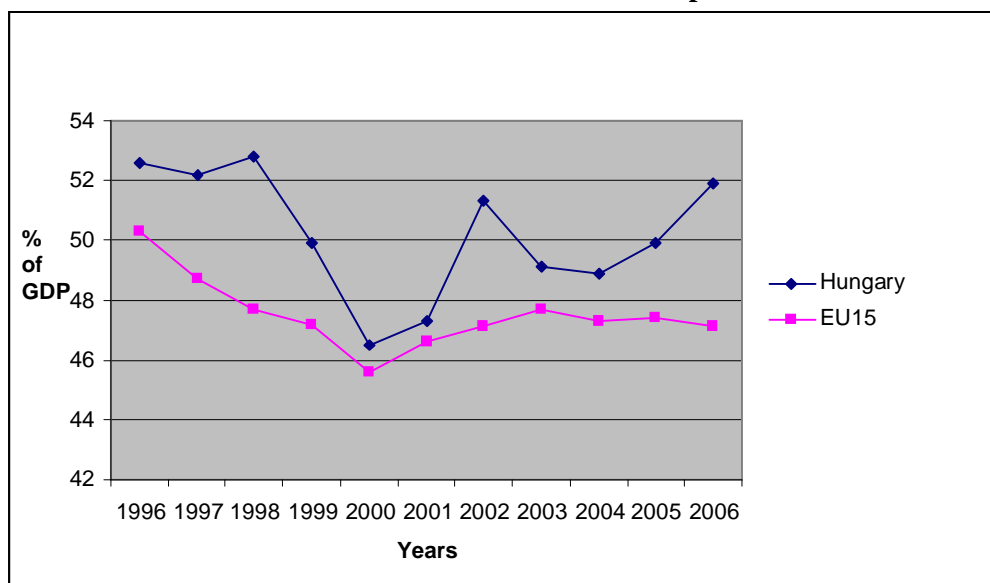
²⁵ It is a fact that budget deficit is related to Maastricht Criteria which correspond to the post-membership era. Although it is not within the scope of this study since it is part of the post-membership era rather than EU accession, it should be underlined that the Council recommended three times (in 2005 and 2006) that Hungary reduce budget deficit levels. (European Commission, 2007: 255)

FIGURE 4: Electoral Cycle in Hungary: Budget Deficit 1991 - 2006



Source: Jankovics (2008: 2), (E) stands for Elections.

FIGURE 5: General Government Expenditures



Source: Eurostat

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=dad16144> (16 June 2008)

As to private share in GDP, it was stabilized around at 80% after 1998.

TABLE 17: Private Share in GDP (%)										
	1991	1992	1993	1994	1995	1996	1997	1999	2000	2002
Hungary	33	44	52.4	55	60	70	75	80	80	80

Source: World Bank,

<http://www.developmentandtransition.net/index.cfm?module=ActiveWeb&page=WebPage&DocumentID=591>.

Not only was the number of the civil servants diminished, but also the financial situation of civil servants also deteriorated as is seen from the table below. The gap between the private and public sector regarding average salary level widened after 1995.

TABLE 18: Employment and Payment (Private Sector and Public Sector)					
		1994	1995	1996	1997
<i>Minimal Wage (forint)</i>		10,500	12,200	14,500	17,000
<i>Average Salary (Forint/Person/Month)</i>	<i>Private</i>	33,821	40,636	49,547	60,661
	<i>Public</i>	34,169	38,381	43,581	53,706
<i>Average Number of Staff</i>	<i>Private</i>	1,715,468	1,628,313	1,558,754	1,521,300
	<i>Public</i>	903,706	880,007	832,202	818,807

Source: Central Statistical Office, (Jenei, 1999: 50)

Because of this deterioration, one of the main problems to be tackled by the new government was “public service development.” The government (Resolution No: 2269/1998) established a coordination committee (Koordinációs Bizottság) with the leadership of political secretary of the Ministry of Interior, whose tasks are as follows (Jenei: 1999: 29):

- to introduce career planning which is attractive to talented and ambitious persons;
- to place more emphasis on performance orientation;
- to increase the stability of the public service and to increase the mobility of civil servants among public agencies;
- to increase the flexibility of the reward system;
- to prepare a code of conduct for civil servants;
- to develop a combined training system with a special focus on leadership.

Although the tools of NPM such as performance appraisal were introduced, the main aim was to increase stability of the civil service. That is why clashing with the basic understanding of the NPM, a life-long career system was put into practice with 2001 amendments to the Civil Service Act “in order to promote public service careers and to attract young, highly educated employees” (Drechsler, 2003: 29):

1. A special minimum wage was installed for all civil servants with higher education. All public institutions have to grant at least this minimum wage for employees who satisfy the requirements.
2. Civil servants receive preferential terms for housing (construction or purchase).
3. By September 2002, the wages of public servants and civil servants were raised by 50% in order to facilitate convergence of wages between the private and the public sector.
4. From 2001, a long-service bonus was introduced for those civil servants who have completed 35 years of service as an additional element of recognition of the appreciation of the professional career.
5. A 6-month recreational period (sabbatical) was introduced, which the civil servants can take after every ten years of work.

Because of the beginning of the negotiation process, the government closely connected public administration reform with EU membership. Government resolution (1052/1999) (V. 21.) concentrated on the development of administrative capacity on these four areas:

Development of central administration; reform of local and territorial administration including the public administration offices; modernisation of the information system of the administration in order to increase efficiency; and to formulate adequate policy to increase the overall quality of civil servants. (Hungarian government, NPAA, 1999)

The efficient public administration system included e-government practices under the modernisation of the information system.

The Government appointed a Government Commissioner for Information

Technology and Telecommunication, reporting directly to the Minister in charge of the PMO. (...) Government Commissioner relies on the Government Commissioner's Office set up within the Prime Minister's Office, consisting of three divisions: information society, regulatory policy and electronic government. (Hungarian Prime Minister's Office, 2001: 3)

E-Government can be read as part of public service development, especially in terms of performance analysis. The Hungarian NPAA's (Hungarian Government, NPAA, 1999) information strategy states clearly that "for the establishment of a service-orientated public administration, it is necessary to improve information and customer service systems, and to use information technology effectively where appropriate."

As to post-2002 reforms, because of the certainty of EU membership, these reforms aimed at handling post-membership affairs in the modernisation of public administration. According to Balázs, the Country's First European Commissioner, in terms of post-membership, "the biggest challenges are border control, agriculture, regional development and the future of the budget" (Schweizer, 2004). It seems that mechanism that promotes people "to learn how to apply and get the money" from the EU is one of the basic questions of the post-EU stage. Basic objectives of the new government in 2002 were as the following:

- each and every citizen shall have access to quality service;
- unjustified social and regional inequalities shall be reduced, the development of social resources (e.g. qualification, health status, etc.) shall contribute to establishing our competitiveness in the EU;
- the conditions for the maximal use of EU funds shall be created;
- the quality of service shall be improved without extensive additional resources by applying economical approaches. (Zoltán, 2003: 3)

Three orientations of the new government can be summarized as follows:
1. Region-oriented development, 2. customer-oriented information strategy, 3. performance-oriented human resources strategy.

Although the principle of subsidiarity did not play a great role in terms of decentralisation (both at local and regional levels), the post-membership strategy of the new government referred to this principle. Not the EU, but the Council of Europe's critique of regional policy of Hungary underlined that "from a (regional) democratic point of view, it can also be asserted that the situation does not harmonise with at least some of the principles in the European Charter of local self-government and the draft Charter of regional self-government, in particular the included subsidiarity principle" (Olbrycht, 2002). In line with this critique, the new government intended to establish strong regional governments "for realising the principle of subsidiary laid down in section 3 of Article 4 of the European Charter of Local Governments" (Zoltán, 2003).

As for e-government, it came along with the "electronic customer information system" whose focus is the "customer." The clear reference to "customer-centeredness and citizen friendly customer care" shows the increasing influence of NPM terms. Customer Commissioner of the Republic is an important institution which has been introduced. Customer care systems will ensure "competitions where the best-performing offices will be given a prize" (Zoltán, 2003).

In this context, before analyzing public administration reform at central, local, regional and civil service levels, an evaluation of the modernisation of the Hungarian public administration ought to be done with reference to the NPM. One of the main assumptions was that the NPM reforms were not preconditions for EU membership, and it is up to the candidate country to implement them or not. Hajnal's (2006) analysis (Table 19) of all government resolutions on public

administration reform gives important clues about public administration reform in Hungary concerning the NPM. Although there was an attempt to implement the NPM reforms, “most central government level initiatives to introduce or expand the application of various NPM-style concepts or techniques has, so far, had only marginal effect” (Hajnal, 2006).

TABLE 19: NPM Reform Measures in Government Resolutions on Public Management Reform in Hungary											
Government Resolution	Agencialisat	Decision Oriented Technique	Downsize	HRM/Incentive Mechanisms	Improve/Change Culture	Introduce Alternative/Non-Bureaucratic Coord. Mechanisms	Performance Measurement	Quality/Citizen Satisfaction	Regulatory Reform/ Improve Quality of Laws	Total: NPM-related*	Total no. of Measures*
1026/1992	0	0	0	0	1	0	0	0	3	4	40
1100/1996	0	0	0	2	1	2	0	1	0	5	34
1052/1999	1	4	1	1	1	0	0	3	0	11	34
1057/2001	1	3	1	2	0	0	0	1	4	12	52
1113/2003	1	0	0	0	0	0	0	5	0	6	22
1052/2005	0	0	2	0	0	0	1	3	1	7	12
Total:	3	7	4	5	3	2	1	13	8	45	194

* Note that codes are neither mutually exclusive nor jointly exhaustive.

Source: (Hajnal, 2006)

As Hajnal shows, the first phase of modernisation (1990-1994) is not based on NPM. What is interesting is that even in the high times of economic liberalisation and neo-liberal policies, the 1994-1998 period did not promote NPM. Nevertheless that does not necessarily mean that NPM-related solutions were not proposed. On the contrary, as Vass underlines, the 1996 reform included NPM methods such as measuring performance and efficiency, and promoting task-solutions based contracts. However, “much less success has happened with the performance related objectives. The tasks as introduction of new management

methods and performance measurement disappeared in the ‘Bermuda triangle’ of ministers, bureaucrats and public service unions” (Vass, 1999: 18). Especially after the 1998 negotiation process, NPM tools became popular policy proposals. However, as is said before, the aims were not the same of the NPM, such as strengthening the life-long career system.

In the post-2002 era, customer and performance oriented policies were going to be promoted. This shows that modernisation was evolved through the NPM, however, the relation with EU accession management is not clear. NPM became dominant especially after 2005, according to Hajnal (2006) (%58 of the proposals were NPM related according to the table above) when EU membership was already the case. It shows that in line with the assumption of this study, the implementation of the NPM reforms was not an urgent and foremost policy option for Hungary.

According to the SIGMA (1999: 21) report, among the set of conditions for a “modern constitutional” civil service to take place, typical propositions of the classical management school are counted such as “well-educated and skilful public managers; sufficient job protection, stability, and level of pay, and clearly defined rights and duties of civil servants; recruitment and promotion based on merit.” These set of conditions show that “the Commission implicitly refers to the classical model prevailing in most EU countries” (Fournier, 1998: 113) Hungary suits this debate well since its civil service is based on the career system, though diluted with NPM tools. (See sub-section on civil service.)

TABLE 20: Hungarian Civil Service Model*		
	<i>Characteristic</i>	<i>Type</i>
<i>Employment</i>	Career-based	Weberian
<i>Remuneration</i>	Salary according to the seniority	Weberian
	Salary according to performance	NPM

*Managerial positions are excluded.

An evaluation of financial management and control may also provide some insight regarding the debate on NPM influence on the EU-related reforms. According to European Commission (2003a: 53), the obligations of the candidate countries in terms of the financial management and control are as follows:

- the existence of adequate ex ante financial control and functionally independent internal audit systems
- an independent external audit of the public internal financial control systems in the public sector
- an appropriate financial control mechanism for EU preaccession funding and future structural action expenditure
- arrangements on the protection of EC financial interests.
- an anti-fraud co-ordination service

To start with the “pre-accession funding and future structural action expenditure,”²⁶ it actually reveals the fact that one of the main objectives is to properly manage the EU funds. That is why financial management is a crucial dimension in the regional policies as well. This point is also significant due to the close link with the first two elements, namely, internal and external control. Only if these two types of control work well, the EU funds could be well managed. Because of the importance, establishment of a proper financial management mechanism “corresponding to the structural funds of the EU” is one of the essential objectives mentioned in the 1997 progress report. In this context, organisation of the pre-accession funds and structural funds after the membership is important. It is important that the Ministry of Finance be “the coordinating authority in the field of financial control and as a single point to the relevant EU bodies” (European Commission, 2000a: 76). Another key point is related to a computerised system such as the extended decentralised implementation system (EDIS). “IT monitoring system for the implementation of Community assistance” (European Commission, 2000a: 76) is one of the mentioned requirements of the

²⁶ The last two points are not worth mentioning regarding the purpose of this dissertation.

candidate countries. In the context of auditing, e-government seems to be a reinforcing element.

Financial control is divided into two in line with the International Organisation of Supreme Audit Institutions (INTOSAI) standards as internal and external which constitute the first two elements of the financial control and management. While the Government Control Office takes the responsibility of internal control, the Hungarian State Audit Institution assumes the responsibility of external control. In addition to these two institutions, every organisation has its own “Internal Control Organisation.” The main point regarding the external control is to adopt INTOSAI standards: “The State Audit Office adopted the basic general international standards of the Lima Declaration and the INTOSAI Auditing Standards” (European Commission, 2000a: 77). As being a part of the Lima Declaration, “priority should be given to further developing attestation and performance audits of the State Audit Office,” according to the 2000 Progress Report. Pilot implementation of the performance audit began in 2002. As for Hungary, it included 20 audit plans for 2003, while the 2004 audit included 31 performance audits. Nevertheless, as time has gone by, numbers have been reduced. There is no reference to the performance audit in the 2005 report. According to the 2007 and 2008 reports, the numbers are as follows: Audits started in 2006 and carried over to 2007: 8; Audits starting in 2007 and planned to be completed in 2007: 14; Audits started in 2007 and carried over to 2008: 10; Audits starting in 2008 and scheduled to be completed in 2008: 2; Audits starting 2008 and carried over to 2009: 8.²⁷

The performance audit can make sense with the “performance management” reference in a post-accession facility project of Hungary. According to the project concern, one of the necessary systems for the diminishing of the deficiencies is performance management including: strategic planning,

²⁷ See <http://www.asz.hu/ASZ/www.nsf/reports.html> (16 June 2008).

quality assurance, Common Assessment Framework, controlling, competence based and development oriented evaluation of individual performance, etc. Although this part does not reflect the implementation, but rather intention, it shows that there are clear references in the post-accession projects, to the NPM techniques.²⁸

Nevertheless, what is interesting is that the progress report has an evaluation about “private sector audit firms.” What is crucial here is that such devolution to the private sector is not seen to be a solution in the long run. “The central audit units are entitled to contract out the work to audit firms of the private sector. In fact they do so in a very limited number of cases but this can not be regarded as a solution in the long run” (European Commission, 1999a: 74). Private sector’ involvement in the audit process should not be seen as an alternative proposed by the EU side.

Another important point with regard to financial management is the qualified staff to perform these duties. In this context, in order to improve this capacity, the EU supports a post-accession transition facility project. Overall objective of this project is “to increase the economy, effectiveness and efficiency of the Hungarian Public Internal Financial Control (PIFC) system and to strengthen its administrative capacity in particular through the establishment of a PIFC Methodological and Training Centre.”²⁹

This brief evaluation shows these points: As to coordination, the EU promotes centralised organisation, i.e. the Ministry of Finance. As for an external audit, the EU promotes centralised and independent organisation, i.e. State Audit

²⁸ http://ec.europa.eu/enlargement/fiche_projet/document/2004-016-689.03.02%20JHA-competence%20based%20HR.pdf (16 June 2008).

²⁹ http://ec.europa.eu/enlargement/fiche_projet/open_document_fp.cfm?do_id=36661 (16 June 2008).

Institution. Regarding an internal audit, the EU promotes deconcentrated and relatively independent organisation, i.e. regional and county offices. Concerning EC funds, the EU promotes deconcentrated organisation based on computerised systems, such as regional development council and EMIR. Finally, in terms of the audit standards, the EU adopts INTOSAI standards such as a performance audit which falls into the category of the NPM techniques. (It should be kept in mind that INTOSAI standards have been determined in 1977, which means very long time before the emergence of the “NPM”.) Although there are rare signs that NPM techniques such as performance management are favoured (i.e. post-accession facility and performance audit), there is no other sign which shows that the NPM techniques are compulsory for the acceding countries. On the contrary, for example, the progress report does not see contracting out an of external audit as a viable alternative. Furthermore, Hungary did not adopt performance budgeting since “performance data or targets were not systematically included in the budget documentation and the achievements of performance targets were not used to determine budget allocations” (European Commission, 2007a: 124).

3.2. GOVERNMENTAL LEVEL

In this section, the central level³⁰ will be explained with reference to transformation of the core executive and the structure of the council of ministers. The importance of the analysis of the executive lies in explaining the question of why in Hungary “a particular model of executive politics may come to predominate” (Elgie, 1997: 231). In terms of the classification made by Dunleavy and Rhodes (1990) and Elgie (1997), Hungary falls into the category of “prime ministerial government” as Brusis (2006: 80) categorizes it. This category

³⁰ “Hungary is a parliamentary democracy. The Parliament holds the legislative power and is elected every 4 years; the head of State is the President of the Republic, elected by popular vote for a five-year term. Parliament is a 386-member unicameral. The executive power is owned by the Government, headed by the Prime Minister elected by the National Assembly on the basis of the principle of parliamentary majority. The government is constituted upon the appointment of ministers and their ministerial oath” (European Commission, 2006a).

explains the dominant position of the prime ministers even under coalition governments. It also explains why the PMO increased its power as time goes by under different coalition governments. Furthermore, it explains why the management of EU affairs changed hands from the Ministry of Foreign Affairs to the PMO after 2005.

In this section, leadership of the Ministry of Foreign Affairs will also be explained as part of the Hungarian way of managing EU affairs. Although there seems to be a contradiction between “strong ministerial government” and “leadership of Ministry of Foreign Affairs”³¹ especially in the Orbán era, Ágh explains that “Orbán as Prime Minister had no special interest³² in accession management, since he concentrated on the presidentialisation of the Hungarian political system and on the near-abroad foreign policy in the spirit of national populism” (Ágh, 2005: 53).

Finally, analysis of the structure of the council of ministers will show that there were many changes in ministerial portfolios mostly based on contingent political conditions. Some of them were changed due to coalition demands and bargaining (i.e., the Ministry of Agriculture and Regional Development, and minister without portfolio in charge of PHARE), while others are related to the ideological stance (abolishment the Ministry of Labour in the Orbán era, while re-introducing it again in Medgyessy government) of the governments. There are also directly EU-related changes in the structure such as minister without portfolio in charge of equal opportunities.

³¹ In terms of the negotiation process, the following case proves that only immediate major decisions are being asked of the prime minister. “The negotiations are not just about arguments in support of the initial Hungarian negotiating positions. The situation often requires modifying the initial position or presenting a new one very rapidly. When such a decision is needed, it is made by the Prime Minister, if the matter is really important, or by the Minister of Foreign Affairs based on consultations with the State Secretary for European Integration and the Chief Negotiator” (Juhász, 2001).

³² The soft-euro sceptic position of Orbán should be underlined here.

The main aim of this sub-chapter is as follows: It is assumed in the introduction that the EU accession does not lead to change in the unitary structure; therefore, this chapter will prove this case. Furthermore, it will also be proven that the EU accession does not reduce the power of the centre; on the contrary, it leads to centralisation at the top. Secondly, it is assumed that as a framework, the EU accession leaves some room for *manœuvre* to candidate countries. One example of this kind of opportunity is the organisation of the Hungarian way of the management of EU affairs.

3.2.1. LATE COMMUNISM AND EARLY POST-COMMUNISM NÉMETH AND ANTALL-BOROSS GOVERNMENTS

Due to continuities between the Communist era and early-post Communist era, the governmental structure in the last Prime Minister Németh (1988 - 1990) era and the first post-Communist Prime Minister Antall (1990 - 1993) era will be explained. Then, successively, others will be taken into account.

3.2.1.1. TRANSFORMATION OF THE CORE EXECUTIVE

In order to search for the core executive of post-Communist Hungarian governments, it is of crucial importance to look at the “inner cabinet” in the Németh government in the late Communist era. According to Ágh (2000: 152), the late 1980s mean “active transformation process towards democracy and market economy” for Hungarians rather than the “former system” which implies that the developments occurred in this era as a kind of “forerunner” for the new system. In the latest Communist government of Németh of 1990, there used to be “an inner cabinet” (Europa World Yearbook; 1990: 1266) which was composed of the Chairman, Deputy Chairman, Minister of State, Minister of Foreign Affairs, and Minister of the Interior. (Table 21) This was the previous composition of the Hungarian “core” in the Council of Ministers which does not

contain Minister of Finance. It is important to add that in the Communist era, especially three ministries, namely Defence, Interior and Foreign Affairs, were “explicitly under party control, and permanent staff members within the Central Committee were empowered to approve all major policy and personnel decisions” (Nunberg, 1999: 99).

TABLE 21: Continuity and Discontinuity Before and After Communism	
<i>Inner Cabinet in 1989-1990</i>	<i>The Core Executive in 1990-1994</i>
Deputy Chairman Minister of State Minister of Foreign Affairs Minister of the Interior	
	Finance Foreign Affairs
	PMO*
	Interior

Source: Derived from Nunberg, 1999: 99, *PMO is the “centre of the government.”

In terms of economic affairs, there used to be a deputy minister heading National Planning Office (the NPO) who was responsible for economic affairs as if it were the “super-ministry” of the economy. The role of the NPO was diminished by the Grósz government which reduced the number of deputy ministers to one before Németh. Medgyessy, the only deputy Minister, “acquired supreme responsibility for the economy” (Phillips et al, 2006). After the abolition of the NPO by Antall, the Finance Minister began to take the lead of the country’s economy. The only challenge to his authority was coming from the State Secretary of the Prime Minister’s Office responsible for economy policy. “This rivalry ended as both were forced from government in the autumn of 1990, and a new finance minister (Mihály Kupa) was given unchallenged status as the head of economic policy” (Phillips et al, 2006: 595). From now on, the Minister of Finance has been included in the core executive of Hungary. As a concrete example of this economic leadership, an economy cabinet was initiated by Antall with the leadership of the Minister of Finance.

Another component of the inner cabinet in the Communist era was the Minister of Interior who also continued its importance and its place in the post-Communist era despite some mitigation.³³ After the death of Antall, the Minister of the Interior Péter Boross, then deputy prime minister, became the prime minister of Hungary. According to Nunberg (1999: 113), “the ministry was the key instrument of Communist Party control over civil society” with its vast authority on “the maintenance of public order, control of local administrative bodies, and the issuance of public law through preparation of government decrees and regulations.” In the Antall government, administrative state secretary of the ministry assumed the leadership in terms of modernizing the public administration (Nunberg, 1999: 114) including local-central administration relations.

As to the Ministry of Foreign Affairs, it was the most crowded ministry in Hungary in 1991 with 1,325 personnel (Balázs, 1993: 78). Though different governments, post-Communist foreign policy priorities were rather stable (Podrazda, 2000: 34):

- a. full integration into European and Atlantic institutions
- b. development of good relations with neighbouring countries
- c. improvement of the situation of Hungarian minority in the neighbouring countries

Antall wanted Hungary to be the first ex-Communist country in the European Community as a full member by 1 January 1995 (Podrazda, 2000: 35). In 1992, the Committee on European Community Affairs was established within the National Assembly. Furthermore, “contact institutions” (Ágh and Rózsás, 2003: 21) stipulated by the Europe Agreement were established.

³³ “The previous system of using military ranks for all personnel was abolished (...), special compensation scale which had provided better pay than other ministries was harmonized with that of other government agencies” (Nunberg, 1999: 113).

- a. The Association Council: “Highest political decision-making structure (...) bringing together ministerial-rank officials from both sides (...) consisting of the members of the EU Council of Ministers and Commission, and of Hungarian officials, primarily from the Ministry of Foreign Affairs” (Williams, 2001: 33),
- b. The Association Committee: “The main operative body (...) consisting of senior civil servants from EU Commission and various Hungarian ministers (...) doing all of the preparatory work for the Association Council” (Williams, 2001: 33),
- c. The Joint Parliamentary Committee: It is structure “made up of equal numbers of Hungarian MPs members and European Parliament delegates” which “reviews the implementation of the European Agreement and discusses issues related to Hungary’s integration into the European Union” (Williams, 2001: 33).

Finally, the “centre of government” (Goetz and Wollmann, 2001) that is, the Prime Minister’s Office for Hungary, should be added in the core executive of new Hungarian government in the immediate post-Communist era since the new government system was based on “strong prime ministerial” (Brusis, 2006) governance with the influence of “German chancellery type.” The most important tool of the prime minister to coordinate and supervise other ministries was the PMO, which has been administered with a political and administrative state secretary until 1998 (Ágh and Rózsás, 2003: 19-20; Vass, 1999: 6). The PMO “provides the prime minister with supporting information and advice, organizes and coordinates cabinet sessions, and serves as an organisational base for ministers without portfolio and for governmental activities not covered by another central authority” (Nunberg, 1999: 102). In times of the Németh government, it used to be the Council of Minister’s Office serving “the collective body of the entire government and was just in a lesser part an office of the prime minister himself” (Ágh, 2005: 39).

3.2.1.2. STRUCTURE OF THE COUNCIL OF MINISTERS AND MINISTRIES

When compared to the last two Communist governments of Hungary, there are a number of changes concerning its structure. Between the head of the state and the council of ministers, in 1989 Németh government, there was “the Presidential Council, consisting of two Vice-Presidents, a Secretary and 17 members” (Europa World Yearbook, 1989: 1271). The highest organ of the state organisation, the Council of Ministers, was composed of “the chairman, one deputy chairman, two ministers of state, 12 line ministries, president of the National Planning Office, and the chairman of the Central People’s Control Commission” (Europa World Yearbook, 1989: 1271).

TABLE 22: Structure of the Executive in the Late Communist Era in Hungary	
<i>February 1989</i>	<i>February 1990</i>
1. Head of the State 2. Presidential Council 3. Council of Ministers	1. Head of the State 2. Council of Ministers

Source: (Europa World Yearbook, 1989: 1271; 1990: 1266)

This structure was changed in the 1990 Németh government and the Presidential Council between the head of the state and the cabinet was removed (Table 22). However the number of the Council of Ministers was maintained, with the abolition of one state ministerial post and annexation of the Chairman of the Technological Development Committee.(Europa World Yearbook, 1990: 1266). Despite fundamental changes in the structure of the Council of Ministers and the ministerial structures, the number of the Line ministers was increased from 12 to 13, in the Antall government. Although chairmen of former commissions and offices were removed from the cabinet, the number of the ministers reached to 20 (February 1991) from 18 (February 1990) due to the introduction of ministers without portfolio. The high turnover in the ministries is

of significance in the first post-Communist government reaching to 38 (Brusis, 2006: 51). Change in the composition (Table 23) of the Council of Ministers brought along change in portfolios of the ministries, introduction of new ministries and abolition of old ministries. Separation, integration, abolition and establishment of ministries are common and contingent reorganisation strategies for all post-Communist Hungarian governments.

Apart from these organisational changes, structure of the ministries has also been changed. “All ministries now follow the same organisational model, which divides the ministry’s leadership into a political sphere, consisting of the minister and a political secretary, and the administrative sphere, which includes an administrative secretary and his deputies” (Szabó, 1993: 99).

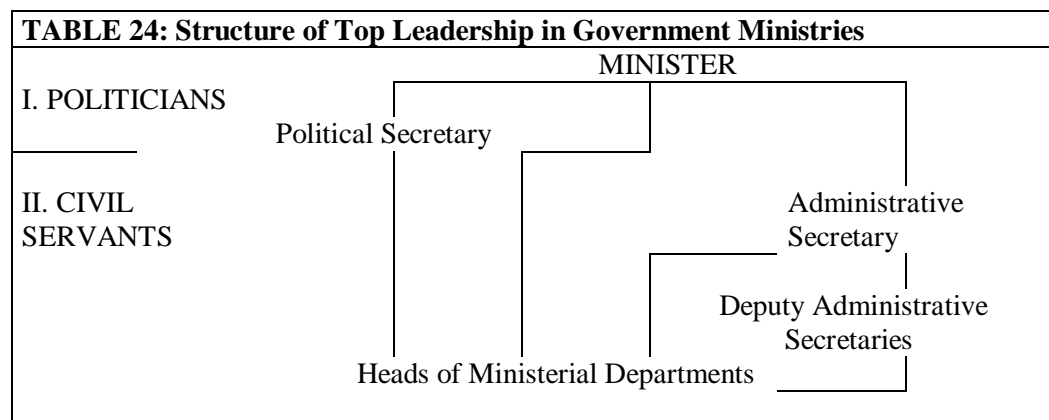
TABLE 23: Changes in Ministerial Structure in the Immediate Post-Communist Era in Hungary	
<i>February 1990 Németh Government</i>	<i>February 1991 Antall Government</i>
	<i>Changes in Portfolios</i>
Agriculture and Food	Agriculture
Environment and Water Management	Environmental Protection and Regional Development
Construction, Transport and Telecommunications	Transport, Communications and Water Management
	<i>New Ministries</i>
Trade	Trade and Industry
Industry	-
-	International Economic Relations
Health and Social Affairs	Social Welfare

Source: Compiled from Europa World Yearbook, 1989: 1271; 1990: 1266.

However, that does not necessarily mean that administrative state secretaries are exempt from political appointments. Vass argues that party politics plays an important role not only in the political positions, but also in administrative ones: “The political nature of their employment and the fact that they rely on minister’s good will obviously greatly limits the capacity of administrative state secretaries to represent neutral professionalism against

political interventions” (Vass, 1999: 7). This is because high turnover exists also among administrative state secretaries. (See sub-section on civil service.)

As is seen, two important actors were added in the Antall era: the PMO and the Minister of Finance. Creation of a western-type core executive, facilitated an increase in the powers of the prime minister. The composition of the first coalition government in the post-Communist also gives some clues about the power of the prime minister. Ministries which are located at the core were not allocated to the coalition partners. Furthermore, those ministries assigned to a coalition partner were marginalized, i.e. the ministry of welfare and the ministry of labour regarding the management of the economy (Phillips et al, 2006). Finally, with the adoption of the system of “mixed ministry,”³⁴ the prime minister could oversee the ministries. That is why (Vass 2004: 8) this coalition is deemed as “quasi government.”



Source: (Szabó, 1993: 101)

³⁴ Minister from the junior coalition party has a state secretary from the major coalition partner.

3.2.2. 1994-1998 THE HORN GOVERNMENT

3.2.2.1. TRANSFORMATION OF THE CORE EXECUTIVE

The same ministries in Antall's core executive continued to be influential in Hungarian policy making during the Horn era. Nevertheless, coalition bargaining reveals the fact that this time ruling party had to give concession from the ministries located in the core executive to its coalition partner. At first, SZDSZ (Free Democrats - junior coalition partner) wanted to have the Ministry of Finance, though rejected by the major partner MSZP (Hungarian Socialist Party, HSP) (Sándor and Vass, 2001). Then another "core" ministry, namely Minister of Interior, was the demand of the junior coalition partner; although "the Socialist Party offered the Ministry of Defence and the Ministry of Justice to the Free Democrats instead of Ministry of Interior" (quoted from Koczia by, Sándor and Vass, 2001). The deal was settled on the Ministry of Interior and the Ministry of Transport, Communication and Water Management.

The "cabinet system" in the Horn government reflects the core executive. The cabinet of the government already includes all important core ministries (Table 25 and 26). Furthermore, each of these core ministries is either the chair of another cabinet (i.e. Minister of Finance is the chair of the Economic Cabinet; Minister of the Interior is the chair of National Security Cabinet) or an important figure in the policy area concerned (i.e. Minister for Foreign Affairs is the centre of European integration governance, despite the fact that it is not the chair of the European Integration Cabinet).

The so-called Economic Cabinet, presided by the Minister of Finance, played a significant role in the adjustment process before the government meeting. The EC analysed the proposals from financial and macro-economic perspectives. In principle, all the proposals were to go through this filter. Since all proposals have certain financial consequences, the EC Wednesday meetings represented a kind of government session concerning economic and financial policies. The more the EC deployed

broad and general perspectives in the discussion and evaluation of proposals, the more the government accepted its opinion and suggestions in the given affairs. (Sándor and Vass, 2001: 13)

TABLE 25: Cabinet of the Government in the Horn Government
Prime Minister
Minister of the Interior (Deputy PM)
Minister of Finance (Deputy PM)
Minister for Foreign Affairs
Political and Administrative State (PMO) (*)

*both of them are regularly invited.

Source: (Sándor and Vass, 2001: 14).

The Minister of Finance occupied an important position not only in the management of the economy, but also in the public administration reforms as was explained under the heading of modernisation in the previous section. However that does not necessarily mean that the Minister of Finance was not under the control of the Prime Minister: “In January 1995, László Bekesi, the HSP Minister of Finance resigned, following the disagreements with Horn regarding economic reform; the Director of the State Property Agency was dismissed in the same month owing to the alleged mismanagement” (Europa World Yearbook, 2002: 1921). Then new appointments took place in the economy.³⁵ However, the economic austerity programme of the new economy management caused dissidents not only among society but also the Council of Ministers itself. “The ministers responsible for public health and for national security (both members of the HSP) resigned shortly after the programme was announced” (Europa World Yearbook, 2002: 1921). Moreover, Ministers of Labour and Welfare also resigned. Finally, the Minister of Finance himself resigned.

³⁵ “In late February Dr. Lajos Bokros of the HSP was designated Minister of Finance, and Horn appointed Tamás Suchman, also of the HSP, to the newly created post of Minister for privatisation, under the jurisdiction of the Ministry of Finance. A new president of the central bank was also appointed” (Europa World Yearbook, 2002: 1921).

TABLE 26: The Core Executive in the Horn Government with Reference to Their Leading Roles in the Cabinets		
Economic Cabinet	<i>Finance</i>	<i>Interior</i>
	<i>Foreign Affairs*</i>	National Security Cabinet
	European Integration Cabinet	

*Although the European Integration Cabinet is chaired by the prime minister himself, in terms of European Affairs, main actor is the Minister of Foreign Affairs as will be explained in this section.

Source: (Sándor and Vass, 2001).

As for another important element of the Hungarian core executive, the Ministry of Foreign Affairs emerged as the sole centre of EU affairs in 1996. (Vida, 2002) This policy paved the way for the original Hungarian integration model based on the leadership of the Ministry of Foreign Affairs. The management of European affairs used to be divided into two between the Ministry of Industry and Trade and the Ministry of Foreign Affairs:

Dossiers were divided between the Office of European Affairs (OEA) in the Ministry of Industry and Trade (earlier called Ministry of International Economic Relations), and the EU Department of the Ministry of Foreign Affairs. The former dealt with trade. (Vida, 2002: 59)

With the establishment of State Secretariat for Integration³⁶ in May 1996, it “became the centre for government decisions as well as the single co-ordinator of the work of the line ministries” (Ágh and Rózsás, 2003: 23) regarding European integration.

Although there is no one best way to organize European affairs in the candidate countries, “inter-ministerial co-ordination of European affairs” and “special EU unit inside ministries” are considered positive steps according to Fournier (1998:13). These positive steps were taken by the Horn government with the establishment of Inter-ministerial Committee for European Integration in

³⁶ "Initially, it was in charge of managing both the EU and the NATO accession process, with NATO affairs subsequently removed from its competence" (Varga, 200: 125).

1994 and European integration departments in each ministry in 1996. According to Podrazda (2000: 32), this inter-ministerial committee played an important role until the commencement of the negotiation process and the foundation of negotiation delegation in the Orbán government.

The European Integration Cabinet³⁷ was the highest level in terms of the management of EU affairs, which played a significant role as a forum “where Prime Minister Horn was briefed about all relevant issues, and where the matters that could not be settled at lower were resolved. A Strategic Task Force on Integration located in the Prime Minister’s Office was set up to advise the Integration Cabinet” (Ágh and Rózsás, 2003: 23).

As to Prime Minister’s Office,

some reductions have taken place, and various oversight functions -in particular, those related to religion, science, and youth- have been transferred with their relevant political state secretaries to the Ministry of Education and Culture. Even with these changes however, the office continues to be oversized. (Nunberg, 1999: 103)

TABLE 27: Number of Staff Employed by the PMO in Hungary					
	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
<i>Prime Minister’s Office</i>	583	489	492	313	337

Source: (Jenei: 1999: 51)

³⁷ The European Integration Cabinet “under the chairmanship of the Prime Minister, composed of the ministers of Foreign Affairs, Interior, Justice, the Economy and Finance was established in February 1996” (Ágh and Rózsás, 2003: 23).

3.2.2.2. STRUCTURE OF THE COUNCIL OF MINISTERS AND MINISTRIES

Unlike Antall, the Horn government reduced the number of both line ministries from 13 to 12 and ministers without portfolios from 6 to first 1³⁸ then 2³⁹. Nevertheless, like the Antall government, turnover of ministries was high due to the reasons explained above. Total ministers appointed were 26 (Brusis, 2006: 52). This time, portfolios of the ministries did not change, except for the Ministry of International Economic Relations, which was merged with that of Trade and Industry.

3.2.3. 1998-2002 THE ORBÁN GOVERNMENT

3.2.3.1. TRANSFORMATION OF THE CORE EXECUTIVE

Two fundamental changes in the core executive of the new government are related to the PMO and the inclusion of a new economy-related ministry. With the Orbán government, the PMO experienced the strongest position in the post-Communist era thus far. Not only the number of the departments was increased, but also a new minister without portfolio responsible for the PMO was created. (Figure 6)

According to Dr. István Stumpf (2005), then Head of the Prime Minister's Office, main features of the PMO's organisational reform are as follows:

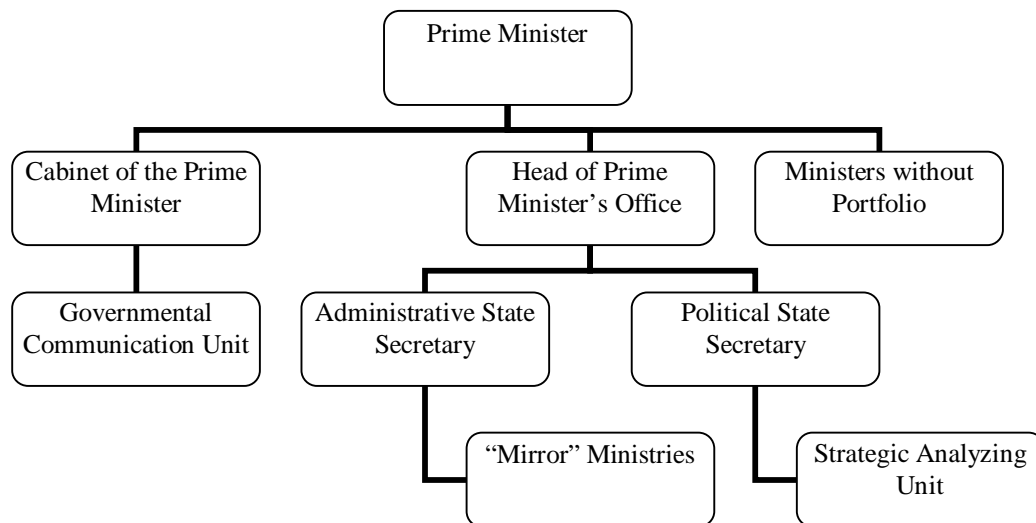
- i. Establishment of a cabinet responsible for direct advice to the PM
- ii. Head of PMO: first in the rank of ministers
- iii. Forming of Political State Secretariats responsible for strategic planning and management of government policy

³⁸ Minister without portfolio responsible for secret services.

³⁹ Minister without portfolio responsible for privatisation.

- iv. Forming of “mirror structures” (Ministers’ Desks) to supervise government policy
- v. Setting up a Governmental Communication Unit
- vi. Organizing regular preparatory meeting for coalition fraction leaders in the PMO.

FIGURE 6: New Structure of the PMO Under the Orbán Government



Source: Stumpf (2005)

One of the most important changes is related to the *referatura* system which was adopted within the PMO:

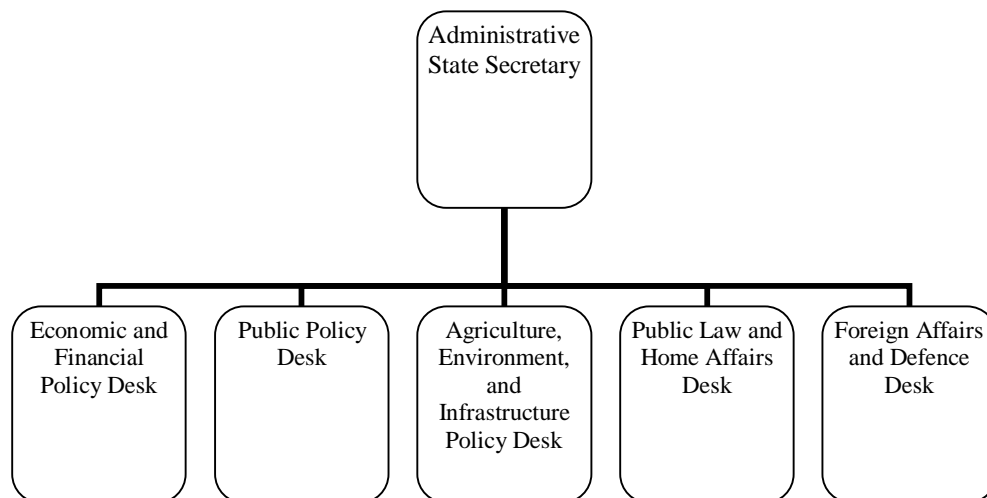
This special body, modelled on one existing in the German Chancellery, is composed of a group of experts who shadow each Ministry's activities. The objective is to have experts representing the central perspective involved in the preparation of ministries' documents and proposals from the early stages. The Head of the *Referatura* also attends the weekly Administrative State Secretaries Meetings. Each ministry's desk officer within the *Referatura*, together with a lawyer from the PMO Legal Department, prepares a joint note on all submissions. The joint note describes the proposal; the outcome of inter-ministerial consultations; unresolved issues; and proposals for improvement. The PMO administrative state secretary uses this brief to resolve any outstanding disputes. (OECD, 2000: 16)

The referatura system, according to Stumpf (2005), facilitated:

- further centralisation of centre government machinery
- effective coordination of government policy
- preparation of government strategies securing proactivity of government communication
- strengthening the preparatory role of administrative state secretaries.

Shadow ministerial desks (Figure 7) within the PMO caused problems with the line ministries. As Brusis (2006: 74) quotes from an interview, “an advisor to a minister complained that some ministry desk experts would behave like bosses of the ministers.” For example, “the expert heading desk, who was a former state secretary in the Ministry of Environment, criticized minister for lagging behind in preparing laws necessary to transpose EU environmental legislation” (Brusis, 2006: 74).⁴⁰

FIGURE 7: Mirror Ministry Desks Within the PMO Under the Orbán Government



Source: (Brusis, 2006: 72)

⁴⁰ Another example may be given from Phillips et al. (2006: 599-600): “PMO commissioned an alternative policy paper on agriculture from György Raskó of the Hungarian Democratic People’s Party (MDNP), without reference to the Ministry of Agriculture, a ministry controlled by its junior coalition partner, the FKGP (the Independent Smallholders).”

Growing influence of the PMO can be seen also from its staff and budget increase. The staff of in 1998 became 536 in 2002, and its budget was also expanded from 36 billion HUF in 1998 to 283 billion HUF in 2002 (Ágh, 2005: 44).

The second fundamental change was related to the foundation of the Ministry for Economic Affairs. The Ministry of Industry and Trade was turned into the Ministry of Economic Affairs, and the Ministry of Labour was abolished. The Orbán government also relegated the Ministry of Finance to the economic cabinet which is now headed by the Minister of Economic Affairs. Overall responsibility (management of structural funds and development plan) was given to the Ministry of Economy. Furthermore, based on Government Resolution No. 2307/1998 (XII.30.), "an inter-ministerial committee on state aid has been set up led by the Ministry of Economic Affairs" (Hungarian Government, NPAA, 1999: 51).

As for the Ministry of Foreign Affairs, with the new arrangements, it became stronger in terms of EU affairs since foreign economic relations and trade policy were taken from the Ministry of the Economic Affairs to the Ministry of Foreign Affairs (Phillips et al, 2006: 600; European Commission, 2000a). The role of the PMO related to the European integration was diminished because of the removal of the strategic task force located in the PMO and substituted a new department of European integration which "formed part of the long-term strategy and planning section but, given that its work was confined to the provision of information and policy scenarios to central government, it was not at the core of managing EU business" (Ágh and Rózsás, 2003: 29). The Orbán government also abolished the European Integration Cabinet. Thus, in the Orbán era, there was a divorce [duality as Ágh would say] between the PMO and the European Affairs.

Under the Orbán government, the Minister of Interior continued to lead the National Security Cabinet. However, this time, the deputy prime minister was not chosen from this ministry, but from minister without portfolio responsible for secret services. Nevertheless, the role of the ministry continued especially in two manners. Firstly, a civil service department was set up within the ministry (Nunberg, 2000: 276) and the ministry became responsible for the supervising implementation of the new Civil Service Act (Jenei, 1999). In addition, Government Decree 199/1998 gave “overall responsibility for training in co-operation with the Political State Secretary for Public Administration and Regional Policy in the Prime Minister's Office” (Jenei, 1999: 10). Secondly, “the office of EU Integration” in charge of three main fields was founded in 1998: “1. Co-ordination tasks in the field of Justice and Home Affairs, 2. EU supports, 3. local governments.”⁴¹

3.2.3.2. STRUCTURE OF THE COUNCIL OF MINISTERS AND MINISTRIES

Orbán increased the number of the ministers in the Council of Ministers from 15 (including Prime Minister and two ministers without portfolio plus 12 Line Ministers) to 18 (with Prime Minister, three ministers without portfolio and 14 Line Ministers).

Unlike Horn, like Antall, Orbán preferred to nominate non-affiliated cabinet members. Rather than party affiliation, personal closeness played an important role especially in the appointment of “Minister for Economy Attila Chikan and Head of the Office of the Prime Minister István Stumpf [who] are Orbán’s former professors” (Chapman, 2000). Even when Orbán replaced Chikan with Matolcsy, Orbán argued that this was not related to Chikan’s negative

⁴¹ http://web.b-m.hu/id/docs/pdf/eu_englishversion.pdf (16 June December 2007)

performance, but because of the fact that his task had been completed.⁴² As to Stumpf, he would be the Deputy Prime Minister towards the end of 2001.

Among new changes, it should be underlined that the main reason why the Ministry of Agriculture took the portfolio of “regional development” was that the junior coalition party ISP (Independent Smallholders’ Party) wanted to expand its powers in this ministry by extending its portfolio from regional development including the competence over the provinces to railroad construction and water management. However, after the compromise reached between coalition partners, only one portfolio, regional development, was added to the Ministry of Agriculture.(Chapman, 2000) After the compromise in 1998, “40 civil servants were transferred from the Ministry of Environment and Regional Development to the Ministry of Agriculture and Rural Development” (Jenei, 1999: 6). Nevertheless, it did not change the fact that the leader of ISP had to resign because of the scandals.

TABLE 28: Changes in Ministerial Structure in the Orbán Era in Hungary	
<i>January 1998 Horn Government</i>	<i>December 2000 Orbán Government</i>
	<i>Changes in Portfolios</i>
Agriculture	Agriculture and Regional Development
Environmental Protection and Regional Development	Environmental Protection
Ministry of Culture and Education	Cultural Heritage
	Education
	<i>New Ministries</i>
Industry and Trade	Economic Affairs
Labour	-
Welfare	Health
	Social and Family Affairs
	Youth and Sports

Source: (Ilonszki and Sándor, 1999: 409-411; Ilonszki and Sándor, 2001; 320-321)

⁴² **Central Europe News**, Vol 1, No 25, 13 December 1999.

3.2.4. 2002-2006 MEDGYESSY-GYURCSÁNY GOVERNMENTS

3.2.4.1. TRANSFORMATION OF THE CORE EXECUTIVE

The centre of the government, the PMO, maintained its power although Medgyessy abolished the *referatura* system, thus mirror ministries, which resulted in “the ministries regain[ing] independence in the management of Policy while PMO remains a centre of decision making” (Ágh and Rózsás, 2003: 20).

The functions of the SSI were increased with a new portfolio. State Secretary for Integration and External Economic Relations. Péter Bála⁴³zs, then state secretary of this institution, explains the rationale behind this merger in his interview as follows:

As soon as we join the EU (...) Hungary will be very closely linked with this [Single] market, which has two consequences. One is that Hungarian exporters will have to know the internal rules of the EU very well, because that's where the bulk of their revenue will come from. The second is that "reaching out" to farther markets with the help of the EU will also become very important even though these only make up 20% of Hungary's foreign trade, but still represent important raw material and energy sources as well as export markets. (Wood, 2002)

However, after the full membership to the EU, the Hungarian model based on being led by the Foreign Ministry was changed. The Gyurcsány government, successor of Medgyessy, transferred “the responsibility for European affairs - except for the affairs related to the common foreign and security policy (...) from the Ministry of Foreign Affairs to the Office for European Affairs of the Prime Ministers' Office as from 1 January 2005.”⁴³

⁴³ “The Office was established on the basis of the State Secretariat for Integration and External Relations which operated earlier within the frames of the Ministry for Foreign Affairs.” http://www.euhivatal.hu/index_en.html (16 June 2008)

Prime Minister Medgyessy re-established the Integration Cabinet under his leadership and comprising the ministers for Foreign Affairs, Finance, Economy and Agriculture. The integration cabinet is supported by an expert team whose members include many of the independent experts from former Integration Task Force. In fact, this structure reflects that of Horn government in which Prime Minister Medgyessy was Minister of Finance. (...) Former PHARE section was absorbed into a department for the national development plan. (Ágh and Rózsás, 2003: 30)

The Ministry of Finance regained its primary role over the economy and became the chair of the economy cabinet. The Ministry of the Economy was given to the junior coalition party. Furthermore, in terms of European integration, this ministry was the member of all expert delegations. (Ágh, 2005: 63; Ágh and Rózsás, 2003: 34)

The range of policy fields handled by the Ministry of the Interior, including Justice and Home Affairs, environment and local government, has resulted in it becoming increasingly involved in EU business. (...) The significance of the Ministry's role in respect to local and regional government has increased with each state of Hungary's regionalisation. (Ágh and Rózsás, 2003: 34)

Furthermore, the EU Information Centre for Local Governments was established within the office of EU Integration under the Ministry of Interior in 2003: "The main task of the relatively newly (in 2003) established organisational unit is to provide the local governments with EU related information as well as to extend their knowledge of such which will help the preparation of local governments after the EU accession in a practical and specific manner."⁴⁴

3.2.4.2. STRUCTURE OF THE COUNCIL OF MINISTERS

Medgyessy introduced two new ministers without portfolio. One of them is related to the coordination of European Integration Affairs which is the sign of

⁴⁴ web.b-m.hu/id/docs/pdf/eu_englishversion.pdf (access: December 2007)

the increasing role of the PMO on EU affairs. The second one is related to the equal opportunities which has been a special topic related to the UN since 1982; however, the first governmental body, namely Secretariat for Equal Opportunities, was established in 1996 with the Horn government under the Ministry of Labour. In 1998, with the abolishment of Ministry of Labour, this body was moved to Ministry of Social and Family Affairs with a name and function change: Secretariat for Women's Representation. Because of the increasing concerns of the European Union, in 2002, the similar structure adopted in 1996 was reintroduced with another socialist government with the same head, Katalin Lévai. The General Directorate for Equal Opportunities was located under the Ministry of Employment and Labour. Finally, Medgyessy moved this institution to the PMO with a new ministerial portfolio in charge of Equal Opportunities.⁴⁵

TABLE 29: Changes in Ministerial Structure in the Medgyessy Era in Hungary	
<i>December 2000 Orbán Government</i>	<i>May 2003 Medgyessy Government</i>
Minister of Economic Affairs	Minister of Economic Affairs and Transport
Minister of Youth and Sports	Minister of Child, Youth and Sport Affairs
Minister of Health	Minister of Health, Social and Family Affairs
Minister of Social and Family Affairs	-
-	Minister of Labour and Employment
Minister of Transport, Communication and Water Management	Minister of Informatics and Communication
	a Minister without portfolio in charge of the coordination of European Integration Affairs
	a Minister without portfolio in charge of Equal Opportunities.

Source: (Ilonszki & Sándor, 2007)

However, after Gyurcsány, the issue of equality changed hand and this portfolio was taken from the minister without portfolio, and added to the Ministry of Youth, Family and Social Affairs.

⁴⁵ <http://www.eurofound.europa.eu/eiro/2003/05/feature/hu0305101f.htm>

TABLE 30: Changes in Ministerial Structure in the Gyurcsány Era in Hungary	
<i>May 2003 Medgyessy Government</i>	<i>September 2004 Gyurcsány Government</i>
	<i>Changes in Portfolios</i>
Minister of Child, Youth and Sport Affairs	Minister of Youth, Family, Social and Equality Affairs
Minister of Health, Social and Family Affairs	Minister of Health
	<i>New Ministerial portfolios</i>
a Minister without portfolio in charge of Equal Opportunities.	Minister without Portfolio responsible for Regional Development and Convergence

Source: (Ilonszki & Sándor, 2007)

3.3. LOCAL AND REGIONAL LEVEL

After explaining the governmental level, local and regional levels will be analysed in the context of EU accession. In this section, it will be argued that the EU accession process increased centralisation tendencies, as in the case of governmental level despite arguments which claim that the EU accession process deteriorated Hungarian unitary structure. It will also be argued that Hungary pursued “formal” rather than substantial reforms, especially with regard to regional policies in terms of EU accession.

3.3.1. LOCAL GOVERNMENTS

The former local government system was based on the principle of “democratic centralism” whose features are enumerated by Illner (1998: 10-12) as follows:

1. The system was not democratic. The elected bodies were created more by nomination than by true elections.
2. Real decision-making power within the system resided with the Communist Party bureaucracy. Territorial governments, their functionaries, and their personnel were under the permanent control of the Communist Party.
3. The system was centralist, and any authentic territorial self-government was excluded. Higher levels of authority could suspend decisions or even dissolve a local council, according to the principle of dual subordination.

4. In the system, territorial government lacked sufficient economic and financial foundations. The bulk of local revenues represented central grants, and the powers and financial resources left in the hands of territorial governments were extremely restricted.
5. No contradictions could, by definition, arise between the “real” interests of the state and the interests of its territorial subsystems because they were all supposed to express the interests of the working class.

An example from 1985 figures indicates the influence and dominance of the Communist Party over local governments in accordance with the principle of democratic centralism.

TABLE 31: Members of the Communist Party Among Leading Officers in 1985 (%)				
	Leaders* of Councils	Deputy Leaders* of Councils	Secretaries of Executive Committees	Total Leading Offices
County Councils	100.0	100.0	95.0	99.0
City Councils	100.0	97.5	89.9	95.8
Larger Village Councils	97.0	-	82.6	90.0
Village Councils	91.5	-	67.1	79.3

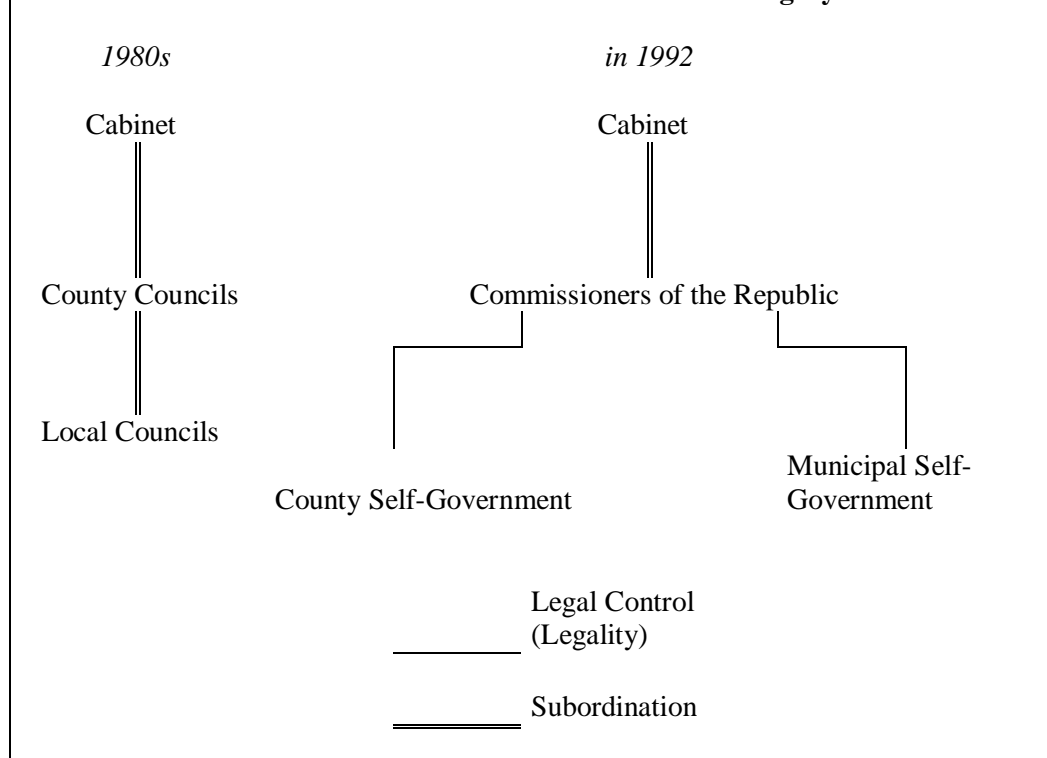
Source: (Horváth and Kiss, 2000) *in main job

Subordination was the basic tool beyond legality control as in the case of democratic centralism. Furthermore, lower local governments were also subordinated to the higher level, namely, county councils. The chart below explains the difference in the basic structure of public administration in terms of local governments.

The post-Communist system changed the legal situation completely. First of all, the principle of “local self-government” was adopted both by the constitution and the act on local government. Secondly, the relation of subordination was changed to “legality” control. Thirdly, hierarchy among local

governments was removed. The meso-level problem will be discussed separately in the next sub-section.

TABLE 32: Basic Structure of Public Administration in Hungary



Source: (Szabó, 1993: 97, 98)

TABLE 33: European Charter of Local Self-Government - Hungary

Signature	Ratification	Entry into Force
6/4/1992	21/3/1994	1/7/1994

The European Charter of Local Self-Government (1985) specifies that effective local self-government is essential to democracy. The Charter serves as a model for legislative reform in new democracies. Some states have already incorporated its principles into their constitutions.⁴⁶

Hungary was one of these countries. In line with the “constitutional and legal foundation” principle of the charter, Hungary recognized the right to local self-governments in both the constitution and the act on local government. The

⁴⁶ http://www.coe.org.pl/eng/re_structure.htm (16 June 2008)

concept of local self-government comprises both “election” of the councils or assemblies and regulation of “rights and abilities, powers and responsibilities” of local authorities. Local government will use its responsibilities exclusively by itself except for breaches of law. Before Parliament decision, prior consultation, local authorities in the case of change in boundaries also exist in the act. Legality control is regulated instead of subordination relation. Finally, necessary financial resources should be supplied according to the text of the act. However, practical problems stemming from the implementation of the act remains to be seen.

The decentralisation of power to local governments gained momentum in the early 1990s. The first reform was initiated by the parliamentary Act No. LXV of 1990 on Local Self-Governments. A new system of local democracy was established, basing upon the principles of Hungarian tradition and the European Charter of Local Self-Governments. The second was the modification of the Act on Local Governments No. LXIII of 1994, which addressed the problems that emerged in practice. The most important changes were as follows: direct elections for mayor were introduced in all settlements; guarantees of publicity and forms of citizen participation were regulated or modified; obligations of local representatives were more clearly established; rules of joint local government were better elaborated; the county became an institution of territorial local government, and its role increased.⁴⁷

There are three levels in the local government system. Counties, cities (towns) and villages. The numbers for 1993 are indicated in the table below. Their numbers did not change much reaching to 3167 municipalities plus 20 towns with county status according to OECD 2004 figures. The post-Communist administration did not only enable local autonomy, but also doubled the numbers of localities (from 1523) as a reaction to the past (Balas and Hegedüs, 2001: 37).

⁴⁷ http://lgi.osi.hu/country_datasheet.php?id=75 (16 June 2008)

TABLE 34: Number of Local Governments and Middle-Tier Governments (1 January 1993)	
Village self-government	2924
Town self-government	163
Town self-government with county rights	20
Capital district self-government	22
County self-government	19
Capital self-government	1
Total	3149

Source:

<http://unpan1.un.org/intradoc/groups/public/documents/UNTC/UNPAN003970.htm>

This fragmented structure (Table 35) inherited the basic problems of the local governments. More than half of the municipalities' population is below 1000. Despite their legal autonomy, this causes financial problems regarding local self-governments. When examining the competences assigned to the municipalities, it is seen that a wide range of responsibilities do not fit the financial revenues and expenditures of these municipalities. Comparative analysis of responsibilities and financial expenditures may show the gap in the case of Hungary.

TABLE 35: Number of Settlements by Size					
Population Range	Number of Municipalities	% of Total Municipalities (Cumulative)	Total Population	Total Population (Cumulative)	% of total Population (Cumulative)
Below 200	312	9.9	38 030	38 030	0.4
201-499	705	32.1	241 942	279 972	2.7
500-999	682	53.6	497 662	777 634	7.6
1000-4999	1157	90.2	2 445 773	3 223 407	31.6
5000-10000	146	94.5	1 012 533	4 235 940	41.6
Above 10000	165	100.0	5 957 446	10 193 386	100.0

Source: From Ministry of Finance, OECD 2004

TABLE 36: Service Responsibilities of Local Governments			
	Nordic Countries	Southern Europe ¹	Hungary
Kindergartens	X		X ²
Primary Education	X		X ²
Secondary Education	X		X
Daily Child Care	X		X ²
Health	X		X ²
Social Welfare	X		X ²
Public Safety	X		X
Public Lighting	X	X	X ²
Roads	X	X	X ²
Water	X	X	X ²
Sewage	X	X	X ²
Garbage Collection	X	X	X
Parks and Recreation	X		X
Cemeteries	X	X	X ²
Housing	X	X	X
Minority Rights			X ²

¹ For municipalities below 5000

² Indicates compulsory

Source: (Cekota et al, 2002: 26)

TABLE 37: Local Government Expenditures										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Denmark	31.5	31.8	31.8	31.1	31.9	32.7	33.5	33.5	33.0	33.4
Finland	19.5	18.4	18.0	17.7	18.0	18.6	19.2	19.5	19.9	19.6
Sweden	24.9	25.4	25.0	24.1	25.1	25.8	25.8	25.1	25.1	25.0
Hungary	12.8	13.0	12.4	11.6	11.8	12.9	13.1	12.7	12.9	12.9
EU (15 countries)	10.7	10.7	10.7	10.9	10.9	11.2	11.4	11.5	11.5	11.4

Source: Eurostat

<http://epp.eurostat.ec.europa.eu/tgm/table.do?tab=table&init=1&plugin=0&language=en&pcode=dad16144> (16 June 2008)

From one perspective, it is possible to state that Hungary is above the EU15 average in terms of local government expenditures, which shows the extent that the local governments' role is important. On the other hand, when comparing it to Nordic countries where responsibilities of municipalities (Table 36) are similar, lack of financial power of localities in Hungary appears as such. Local government expenditures are two times greater than that of Hungary in Finland; this ratio reaches to 2.5 fold as to Denmark. (Table 37)

This lack of financial power leads to two tendencies: 1. Dependence on the centre. 2. Marketisation. As Ágh and Rózsás (2004: 8) put it,

all this compelled the local self-governments (whose largest item of expenditure, about 40-45 per cent of their budget, was wages) to raise their funds by selling real estate property. Those, that had no property left for sale and became unable to perform public services were entitled for supplementary funding from central budget, namely from the fund for settlements “being in a disadvantageous situation through no fault of their own.

Indeed, almost half (45%) of the local government revenues come from central government grants (OECD, 2004). As Balás and Hegedüs (2001: 65) mention, it caused the “grant maximisation behaviour.” Dependence on grants also changed form within time. The ratio of unconditional grants which can be used for general purposes diminished from 37.3% in 1993 to 23% in 1998. As regards NPM practice in local governments, Soós argues that marketisation measures became popular in local governments such as privatisation, contracting out and outsourcing. “A few municipalities already introduced quality management systems (ISO)” but “NPM was not fully implemented in Hungary” (2002: 9).

“Centralisation via decentralisation” will be continued to be exemplified in the following sub-sections via regional policies of Hungary.

3.3.2. COUNTIES

Counties date back to the establishment of Hungary since St. Stephen, the first king of Hungary. “The county assemblies, or congregations, as they were termed, declared themselves to be autonomous, and exempt from superior authority in the management of county affairs” (Moore, 1895: 99-100). Since then, those who dominate counties, dominated the central administration of

Hungary as well. That is why before the revolution, “when Count Apponyi became Austrian chancellor in 1847, he sought to revolutionize the system of county administration, so as to increase the influence of the crown” (Moore, 1895: 100) via appointed lords (lieutenant - főispán). Counties were seen as the “symbols of resistance” against the Habsburg Empire in 1848-1849 (Vass, 2004: 132; Pálné Kovács et al., 2004: 431). “Hungary's new political élite had a wide intellectual horizon and good political practice acquired at autonomous county meetings and in the debates of the feudal Diet, not to mention a new political press” (Kosáry, 2000: 5).

In the Communist era, counties were the basis of the regional administration. Councils were the dominant power over local organs: “The elected bodies in the villages and towns were subordinated to the county councils” (Pálné Kovács et al., 2004: 432). Counties were “delegations of the central government and the major bastions of the Communist party” (Ágh and Rózsás, 2004: 3) as is clearly indicated in Table 38 below.

TABLE 38: Members of the Communist Party Among Leading Officers in 1985 (%)				
	Leaders of Councils	Deputy Leaders of Councils	Secretaries of Executive Committees	Total Leading Officers
County Councils	100.0	100.0	95.0	99.0

Source: (Horváth and Kiss, 2000)

According to Vass (2004:133), “Hungarians cannot easily imagine a different kind of regional set-up of the territorial administration” other than counties. Vass (2004: 133-134) exemplifies this path-dependency with a survey conducted with mayors in 1992. Almost half of the mayors answered the question of “what kind of middle-level administrative unit would be necessary?” as “counties.”

Under these circumstances, three options were available for reorganisation of counties (Ágh and Rózsás, 2004: 2-4). First one was strong and democratic counties as autonomous self-governments. The second was to keep counties as meso-level/regional entities “for maintaining regional public institutions only.” Finally, counties could be kept as part of the central government, rather than being self-government. Ruling coalition parties and opposition parties were divided in these solutions. The Hungarian Democratic Forum (MDF), Independent Smallholders’ Party (FKgP) and Christian Democratic People’s Party (KDNP) were in favour of strengthened counties. On the other hand, Alliance of Free Democrats (SZDSZ), Federation of Young Democrats (FIDESZ), and Hungarian Socialist Party (MSZP) were in favour of weakened counties (Ágh and Rózsás, 2004: 2-4).

Division of opinion was important because, the ruling coalition could not change the law without getting support from the opposition. That is why a middle way was found:

The counties were given self-governments and some functions of public administration but they lost their fund-allocating rights regarding the lower tier, along with their role in regional development. Other types of local self-governments (altogether more than 3,000 settlements) were legally on equal footing with the counties without any hierarchy between them. All this implied that the role of the counties as public service providers was territorially limited: they could provide services exclusively outside the territory of local self-governments. (Ágh and Rózsás, 2004: 4)

Thus, although counties were retained as a meso-tier and given local-government status, their hierarchical superiority and powers were taken away. According to Fowler (2000: 11-12), the government wanted to keep county level because it saw them as an instrument for the protection of the localities. Secondly, historically they were part of the Hungarian tradition. Finally, having a meso-level was a kind of indication of their “return to Europe” ideal.

However, political parties' position vis-à-vis localities were rather dependent upon local elections. Although the ruling government in 1990 seemed to support strong, democratic and legitimate self-government,

the political hopes which the government had invested in the 1990 local elections had not been realized: the SZDSZ and FIDESZ performed strongly in the larger towns, strengthening these parties' commitment to local government, while smaller settlements were dominated by independents, of whom a sizeable share were Communist-era holdovers. (Fowler, 2000: 17).

As such the government introduced regional commissioner responsible for the legality control of localities. However, this deconcentrated body turned out to be a strong central agent over localities.

The second position change was related to MSZP, which was the opposition party in 1990, but the ruling party in 1994. Once critical about the counties, MSZP "had become the strongest supporter (...) appearing to revert to its communist-era heritage as a 'pro-county' force and also, presumably, anticipating success in direct county elections to match its national position" (Fowler, 2000:19).

The act now described the county self-government as regional self-government, and to provide further political legitimacy, introduced direct elections for the seats in the assembly of the county self-government. This did not bring along a hierarchy between the county and the self-governments of settlements but rather helped decrease the defencelessness of the county, as before the amendment any settlement self-government was entitled to unilaterally take over a public function from the county. (Ágh and Rózsás, 2004: 7)

MSZP went one step further by abolishing the regional commissioner and substituting the County Public Administration Offices. The main motive was to remove the political character of the regional commissioner. However, according to Ágh and Rózsás (2004: 7), the centralised structure was not changed since

there were only minor changes regarding the deconcentrated⁴⁸ organs. It did not change the political character either. “Many opposition deputies saw the proposed change as designed merely to allow the government to dismiss its predecessor’s appointees” (Fowler, 2000: 20).

What is interesting is that the promotion of meso-level self-government was seen as a tool for re-centralisation via deconcentrated bodies. This path dependency would continue via regional institutions.

3.3.3. REGIONS

Based on the Law on Regional Development and Physical Planning adopted in 1996, it is possible to state some interests at stake as follows: Social, economic and cultural development of the country’s regions, uniform and coordinated regional development policy, and finally cohesion with EU regional policies. Generally, these interests refer to economic, organisational and EU conditionality issues. That is why regional politics will be analysed in these three dimensions.

3.3.3.1. ORGANISATIONAL DIMENSION

Based on the path-dependent character of Hungary, regional policies were debated in terms of counties. MSZP was a supporter of the county-based approach for pragmatic reasons. Reorganisation of the regional level was a condition for EU membership, so it would be rather easy to set-up county based regions. However, the opposition did not accept it and the ruling party made

⁴⁸ The report of the Council of Europe reveals this fact: “Strong central state representation: Central State Administration is present at all levels. Not only exist 19 Public Administrative Offices at county level, but there are also a great number of deconcentrated administrative units of the different national ministries represented at local, at County level as at the level of territorial planning regions. This makes decision-making process heavy and the administration costly” (Olbrycht, 2002).

concessions that “regional development councils were to be formed voluntarily by county regional development councils and county-based regions were instituted as a concept in law but not defined territorially” (Fowler, 2000: 35).

Nevertheless, according to the act, definition of the regions is based on counties so that the organisational dimension can reach these levels of sub-state administration. Section 5 (e) defines region as follows:

Region shall mean a territorial unit defined for planning and statistical (*tervezési-statisztikai régió*) and development (*fejlesztési régió*) purposes covering one or more counties (or the city of Budapest), that is treated as a single unit for social, economic or environmental purposes.

However, the act also aims to include all localities below the county level since it defines peculiar regions on specific problems at the local level. Micro Region Development Councils, which are the basic policy orientation for regional development in the post-2002 period, are examples of this kind of structuring. Development Councils are organized at national, regional, county and local levels. The 1996 act did not make it compulsory to establish development councils other than at the national level. However, after the 1999 amendments, regional and county development councils also became compulsory.

Multiple level classifications were made and designated for non-governmental organisations as well. According to Section 8 (9), in order for an organisation (in the sense of non-governmental organisation) to be national, its activities should at least cover seven counties. For a county organisation, at least half of the micro-regions within the county should be covered. As to regional organisations, at least one county needs to be covered. As for micro-regional organisations, activity engagement should comprise at least half of the municipalities within the micro-region.

Basic institutional arrangements at national, regional and county levels are as follows: National Council for Regional Development, Regional Development Council, and County Development Council.

TABLE 39: Membership of the National Development Councils According to Act XXI of 1996 (and 1999 Amendments)		
	1996	1999
Public Sector	<ul style="list-style-type: none"> • 1-6 Representatives of the County Development Councils • 9 Ministers • Mayor of the Capital City • National Alliance of Local Governments 	<ul style="list-style-type: none"> • The 7 Regional Development Councils • 9 Ministers • The Mayor of Budapest • The National Alliance of Local Authorities • The Minister Responsible for Sport and Youth Affairs* • The Foreign Minister* • The Minister Responsible For Co-Ordination of The PHARE Programmes* • The Balaton Development Council* • The Central Statistical Bureau* • The Central Ethnic and Minority Office*
Private Sector	<ul style="list-style-type: none"> • National Economic Chambers • Hungarian Investment Bank* 	<ul style="list-style-type: none"> • National Economic Chambers • Hungarian Investment Bank*
Civil Society	<ul style="list-style-type: none"> • Representative of the Employers and Employees Represented in the Interest Reconciliation Council • Hungarian Foundation for Small Business Development* • Hungarian Academy of Science* 	<ul style="list-style-type: none"> • Representative of the Employers and Employees Represented in the Interest Reconciliation Council • Hungarian Foundation for Small Business Development* • Hungarian Academy of Science*

Source: (Fleischer et al., 2002: 33, 35) and Act XXI of 1996 on Regional Development and Physical Planning. * Advisory; with no vote right

National Council for Regional Development: According to Section 8 of the Act, the main function of NCRD is “the fulfillment of government duties related to regional development and land use planning.” It is the main governmental body “to prepare, propose, assess and coordinate” the regional development programs and strategies. It also has power to evaluate the principles on grants of subsidies and the distribution of the funds. Membership is as shown in the table below. The chairman of the Council is the minister in charge of “regional development and land use planning.” What is important to note here is

the increase in the number of public sector representatives in 1999 as is seen in Table 39.

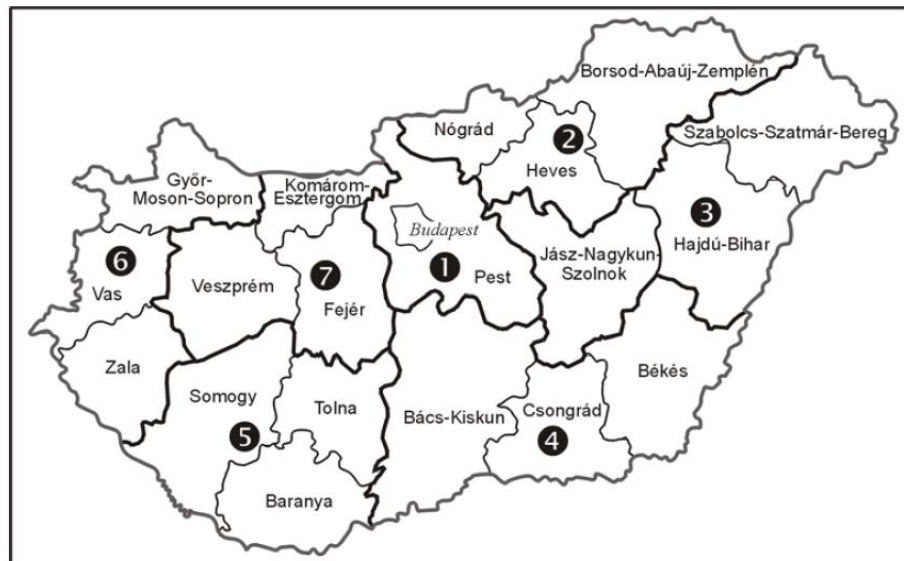
Regional Development Council: Although the act allows for the establishment of a regional development council, it was not compulsory. Only after the modifications in 1999, the establishment of seven regional development councils became obligatory. European Union oriented regions were based on the counties indicated in Figure 8: Central Hungary, West Transdanubia, Central Transdanubia, South Transdanubia, North Hungary, North Great Plain, and South Great Plain. According to Section 16 of the Law “regional development councils shall be established to draw up the development strategy and program for their respective region.” Members of these councils are indicated comparatively with the amendments in 1999 in Table 39.

County Development Council (CDC): County level regional development was somewhat known for Hungarian administration not only because of the tradition of counties, but also due to the post-Communist regional development policies in two counties:

In 1992, two counties in the northeastern region of Hungary were officially considered crisis regions.⁴⁹ The counties of Borsod-Abaúj-Zemplén (with a concentration of heavy industries and high levels of unemployment) and Szabolcs-Szatmár-Bereg (with an underdeveloped economy dominated by agricultural production) received some 66% of Regional Development Funds (RDF). In 1991, 77% of all infrastructure-related funds of the RDF were spent on projects in the northeast (Borsod 4% and Szabolcs 73%). (Fazekas and Oszvald, 1998: 43)

⁴⁹ Government Decree 1073/1991 (30 December), on measures to assist Szabolcs-Szatmár-Bereg County; Government Decree 1070/1992 (29 December), on the duties of the development programme in Borsod-Abaúj-Zemplén and Heves Counties (Fazekas and Oszvald, 1998: 43).

FIGURE 8: Map of Hungary
The NUTS 2 regions in Hungary since 1998.



Key: 1 – Central Hungary 2 – North Hungary 3 – North Great Plain 4 – South Great Plain 5 – South Transdanubia 6 – West Transdanubia 7 – Middle Transdanubia

Source: (Palné Kovács et al, 2004)

From a pragmatic point of view, it was logical to set-up regional level reorganisaiton on the basis of counties because of its “democratic legitimacy.” However, critiques were concerned about the exclusion of county-rank cities⁵⁰ and the classical fear of “Communist era superiority over local governments” of the counties since it would give them the power to allocate funds to localities (Fowler, 2000: 24). As to the former concern, the 1996 law enabled county-rank cities’ mayors to participate into the County Development Councils. As for the later concern, although CDCs were responsible for the allocation of funds to localities in their territories, to mitigate this power, the act introduced partnership principle in order to make them in cooperation with each other. Furthermore,

⁵⁰ “According to the Act on Local Self-Governments, any town whose population exceeds 50,000 has a right to be declared “a town with county rights (different translations may be possible: towns with county status / county-rank city).” These cities were considered of the same tier as the county self-governments, and this had two important consequences for the legal status. First, they were excluded from operating the county assembly, and secondly, these cities had to perform all county-tier public services (health care, secondary schooling etc.) and could not ask the county to take over any of these duties (duty delegation) even in case they became unable to fulfill them.” (Ágh, 2003: 4)

“three representatives from the multi-purpose micro-region associations and micro-region development councils in the county” shall be a member of the CDCs. However, what should be underlined and noted here at this point is that, the amendments in 1999 increased the role of the public sector while cutting the private sector and labour council from being members of the CDCs (Palné Kovács 2004: 440-441; Fleischer, 2002: 33-35).

TABLE 40: Membership of the Regional Development Councils According to Act XXI of 1996 (and 1999 Amendments)		
	1996	1999
Public Sector	<ul style="list-style-type: none"> County Development Councils* 9 Ministries Max. 6. Representatives of the Development Associations of Aunicipalities in the Concerned Region Appointed Representative of the Government 	<ul style="list-style-type: none"> County Development Councils* 9 Ministers** 1 Representative Per County of the Multi-Purpose Micro-Region Associations and Micro-Region Development Councils Concerned Mayor(s) of the Town(S) of County Rank Located in the Council's Area Of Competence Director of the Local Branch of the Regional Tourism Committee
Private Sector	<ul style="list-style-type: none"> Economic Chambers 	-
Civil Society	-	-

Source: (Fleischer et al., 2002: 33, 35) and Act XXI of 1996 on Regional Development and Physical Planning. * directors of the county development councils in the council's area of competence; **one representative each of the Minister, the Minister of Agriculture and Rural Development; the Minister of Environmental Protection and Water Management; the Minister of the Interior; the Minister of Economic Affairs and Transportation; the Minister of Health; the Minister of Employment and Labor; the Minister of Education; the Minister of Information Technology and Communications; the Minister of Finance; and the Minister of Youth, Social and Family Welfare and Equal Opportunities.

TABLE 41: Membership of the County Development Councils According to Act XXI Of 1996 (And 1999 Amendments)		
	1996	1999
Public Sector	<ul style="list-style-type: none"> • President of the County Assembly • Mayors of the Towns with County Status Within County • Representative of the Minister Responsible for Regional Development • Representatives of the Concerned Statistical Micro-Regions 	<ul style="list-style-type: none"> • President of the County Assembly; • Mayors of the Towns with County Status Within County • Representative of the Minister Responsible for Regional Development • 3 Representatives from the Multi-Purpose Micro-Region Associations and Micro-Region Development Councils in the County; • Director of the County (Budapest) Agricultural Office; • Representative of the Local Branch of the Regional Tourism Committee
Private Sector	<ul style="list-style-type: none"> • Territorial Economic Chambers 	-
Civil Society	<ul style="list-style-type: none"> • County Labour Council 	-

Source: (Fleischer et al., 2002: 33, 35) and Act XXI of 1996 on Regional Development and Physical Planning.

3.3.3.2. ECONOMIC DIMENSION

According to the Law on Regional Development and Physical Planning adopted on 19 March 1996 (Section 2), the aims of this law are as follows:

- to promote the development of a social market⁵¹ economy in all regions of the country, to create the conditions for sustainable development, to support widespread implementation of innovations, and to create the

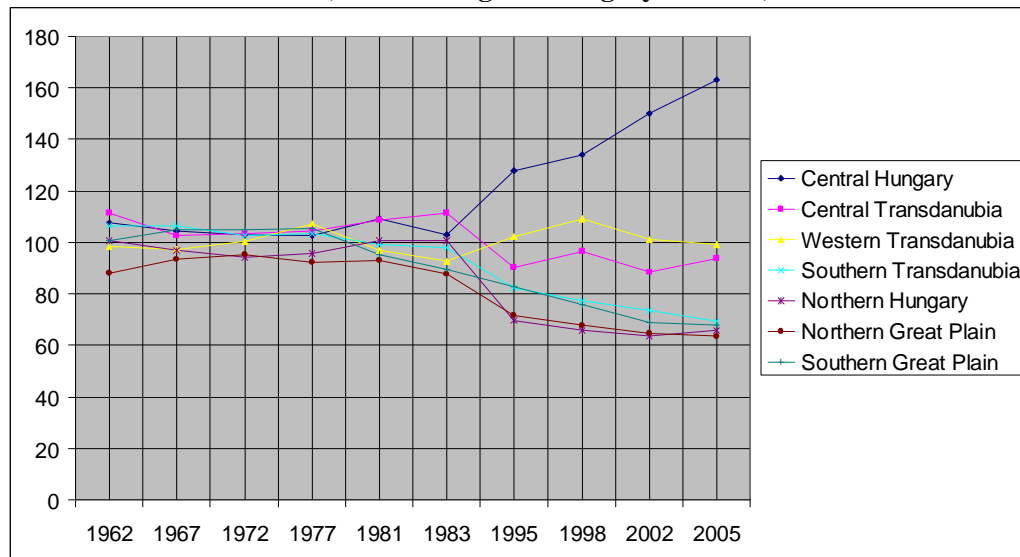
⁵¹ Social Market: "The name given to the economic arrangements devised in Germany after the Second World War. This blended market CAPITALISM, strong LABOUR protection and union influence, and a generous WELFARE state. The phrase has also been used to describe attempts to make capitalism more caring, and to the use of market mechanisms to increase the EFFICIENCY of the social functions of the state, such as the education system or prisons."
<http://www.economist.com/research/Economics/alphabetic.cfm?LETTER=S#socialmarket> (16 June 2008)

structural background consistent with social, economic and environmental goals;

- to reduce the significant differences apparent in terms of standards of living, economic and cultural conditions and infrastructure between the city of Budapest and other parts of the country, between towns and villages, and between regions and settlements of various levels of development, and to prevent additional crisis areas from developing in order to provide equal opportunity for all segments of society;
- to promote harmonious development of the various regions and settlements around the country;
- to preserve and strengthen national and regional identity.

As is seen, two major aims are to develop “social” market economy and to reduce regional disparities. In this chapter, the impact of regional policies of Hungary in terms of regional disparities will be explained in order to determine whether these policies have been successful or not.

FIGURE 9: Regional Disparities in Hungary in Communist and Post-Communist Era (GDP Average of Hungary= 100 %)



Source: 1962-1983 data was deduced by the author in terms of current NUTS2 regions from Sillince (1987), 1995-2005 data from Hungarian Central Statistical Office.

TABLE 42: Regional Disparities According to NUTS2 Regions and Counties Between 1962-2002									
	1962	1967	1972	1977	1981	1983	1995	1998	2002
Budapest	113.6	104	103.6	103.6	114.3	110	183.6	190.8	212
Pest	101.6	104.7	102.6	101.7	103.8	95.9	72.6	77.3	88.1
<i>Central Hungary</i>	<i>107.6</i>	<i>104.4</i>	<i>103.1</i>	<i>102.7</i>	<i>109.1</i>	<i>103.0</i>	<i>128.1</i>	<i>134.1</i>	<i>150.1</i>
Fejer	109.5	106.1	106.3	109	106.2	108.2	99.7	124.9	94.1
Komaron	120.3	104.8	102.9	104.9	114.15	118.4	86.6	84.1	92.5
Veszprem	104	96.8	101.4	99.4	106.3	108.1	84.6	80.9	79.3
<i>Central Transdanubia</i>	<i>111.3</i>	<i>102.6</i>	<i>103.5</i>	<i>104.4</i>	<i>108.9</i>	<i>111.6</i>	<i>90.3</i>	<i>96.6</i>	<i>88.6</i>
Győr-Sopron	114.3	104.7	107.7	126.6	100.8	95.9	108.5	120.2	117.6
Vas	92.2	92.7	96.1	97.3	95.7	89.9	106.8	117	98.7
Zala	88.9	94.2	97.3	98.2	94.1	91.8	91.3	89.7	86.6
<i>Western Transdanubia</i>	<i>98.5</i>	<i>97.2</i>	<i>100.4</i>	<i>107.4</i>	<i>96.9</i>	<i>92.5</i>	<i>102.2</i>	<i>109.0</i>	<i>101.0</i>
Baranya	110.7	108.7	103.6	107	106.3	114.3	79.7	78.3	74.3
Somogy	102.7	102.7	101.7	100.9	92.7	85.7	75.9	68.4	67.7
Tolna	105.5	107.8	102.3	102.5	98.3	93.9	91.5	85.2	78.3
<i>Southern Transdanubia</i>	<i>106.3</i>	<i>106.4</i>	<i>102.5</i>	<i>103.5</i>	<i>99.1</i>	<i>98.0</i>	<i>82.4</i>	<i>77.3</i>	<i>73.4</i>
Borsod-A-Z	96.9	91.7	89.7	91.3	102.9	104.1	75.4	68.2	62.2
Heves	102.2	100.1	95.5	95.5	99.3	98	74.5	72.9	73.4
Nograd	102.9	99.3	97.2	100.2	99.7	100	59.2	56.3	54.5
<i>Northern Hungary</i>	<i>100.7</i>	<i>97.0</i>	<i>94.1</i>	<i>95.7</i>	<i>100.6</i>	<i>100.7</i>	<i>69.7</i>	<i>65.8</i>	<i>63.4</i>
Hajdu	87.4	93.4	94.1	94.7	94.3	89.8	77.5	75.4	73.2
Szolnok	93.6	96.8	96.6	87.7	96.6	89.8	77	71.7	67.5
Szabolcs-Szatmar	83.5	90.1	95.7	94.6	88.2	83.7	60.2	56	54.1
<i>Eastern Great Plain</i>	<i>88.2</i>	<i>93.4</i>	<i>95.5</i>	<i>92.3</i>	<i>93.0</i>	<i>87.8</i>	<i>71.6</i>	<i>67.7</i>	<i>64.9</i>
Bacs-KisKun	100.9	103.7	105	107.5	94.4	89.8	78.3	70.8	67.7
Bekes	99.7	105.9	103.4	103.2	94.4	87.8	77.7	68.5	61.9
Csongrad	102.1	105.5	106.2	105	97.4	91.8	92.6	88	77
<i>Southern Great Plain</i>	<i>100.9</i>	<i>105.0</i>	<i>104.9</i>	<i>105.2</i>	<i>95.4</i>	<i>89.8</i>	<i>82.9</i>	<i>75.8</i>	<i>68.9</i>

Source: (GDP100%= Average of Hungary); 1962-1983 data from Sillince (1987), 1995-2002 data from Hungarian C. Statistical Office.

Figure 9 above shows regional disparities in Hungary in terms of NUTS2 classification. As is seen from the chart, in the Communist era, regional disparities were milder in the than post-Communist era. The richest regions were not fixed but prone to change. Central Hungary was the first in 1962 and 1981, while the Southern Transdanubia obtained the first rank in 1967. In 1972 and 1977, the Southern Great Plain had the highest GDP ratio. Finally, Western Transdanubia could climb to the first rank in 1983. However, in the post-Communist era, the first three ranks were assigned to fixed regions. Central Hungary has always been the first, and respectively, Western Transdanubia has been the second, and Central Transdanubia has been the third. Therefore, “capitalism” worsened the situation for the regions which were not attractive for foreign capital and the EU accession and regional policies did not change this trend: Poorer regions got poorer.

TABLE 43: Typology of East-Central Regions Under Transformation

		Post-Socialist Transformation	
		Postitive	Negative
Position in the Former Socialist Economy	Good	Positive Continuity (e.g. Large Urban Agglomerations)	Negative Discontinuity (e.g. Former Industrial Regions)
	Poor	Positive Discontinuity (e.g. Western Regions)	Negative Continuity (e.g. Eastern Wall)

Source: (Gorzalak, 1997)

As to the county level analysis, it will be based on Gorzelak’s (1997) typology (Table 43) on East-Central Europe under post-Communist transformation. Positive and negative dis/continuities between two periods, namely Communist and post-Communist era will be analysed. Gorzelak’s classification will be tested with Table 42 based on GDP structure. According to Gorzelak, as for positive continuity, there is a leader of transformations which is Budapest. Gorzelak mentions the Balaton region in addition to Budapest. Nevertheless, when studying the counties in Balaton comprising Zala, Somogy

and Veszprém, they are not included in the richest counties either in Communist or post-Communist era. Although Veszprém was in the top 5 in both 1981 and 1983, it did not continue after transformation. Instead of the Balaton region, Fejér should be added since it has always been in the top 5 among counties of Hungary in both periods concerned.

The situation for Budapest is quite striking. In the capitalist era, Budapest seems to be the only leader among others with its huge increase in GDP. In 2002, Budapest was 3.92 fold richer than the poorest Szabolcs County. This ratio between Szabolcs and Budapest was 3.05 in 1995 and 1.3 in 1981.

Second classification is concerned with the “losers,” which used to be industrial regions. “Although Hungary’s main heavy industry and mining region (Borsod-Abaúj-Zemplén) began its restructuring as early as in the mid-1980s, this has not prevented a heavy recession in the 1990s” (Gorzelak, 1997: 66). The data confirms that Borsod reached its peak levels especially after 1980s, though rapid decline after transformation. This is true for all Northern Hungary counties including Nógrád and Heves. Although this region was among the top three regions in 1980s, this has radically changed in the 1990s. Another example that falls into this category is Baranya. Like Fejér, Baranya was mostly among the top 5 counties (except 1972), however, unlike Fejér, Baranya could not keep its status in 1990s and fell to the 10th and 11th place:

The final year of the 1980s and the early 1990s brought far-reaching changes to the structure of the county's economy. Mining was amongst the first to enter into crisis, light industry lost its eastern markets, while both in the building industry and in agriculture very significant problems arose. Added to the loss of the eastern markets was the war south of the border, which led to Baranya losing not only agricultural but also industrial markets and opportunities for co-operation as well. At the same time, the

slow pace of technical development has made gaining access to the more demanding Western markets a difficult and drawn-out process.⁵²

The third category, related to backward categories, implies negative continuity. The example given by Gorzelak (1997: 67) is South-Eastern (Southern Great Plain) parts of Hungary:

These peripheral areas are the least developed in the region. They are relatively sparsely populated, rural in character, and have poorly developed urban systems and infrastructure. (...) The transformation process has been slow in these regions. They do not attract the attention of foreign investors.

Yet, the data do not confirm this, although a negative tendency in the Southern Great Plain⁵³ is a fact. However, considering “continuous negativity,” the northern eastern parts of Hungary should be mentioned because Northern Great Plain, especially Szabolcs, was the least developed region not only in Communist era, but also in the post-Communist era.

The final category is the newcomers who have positive discontinuity.

The western regions of East Central Europe have become the great success stories of the transformation process. The western border regions have successfully started to overcome the negative impact of their previous isolation through cooperation with their more developed neighbours in Germany and Austria. The geographical location of the “western belt” of the four countries bordering with Austria and Germany is a great advantage. (Gorzelak, 1997: 67).

The data confirm that Western Transdanubia as a western belt of Hungary developed much in the capitalist era (after Budapest). Western Transdanubia

⁵² http://circa.europa.eu/irc/dsis/regportraits/info/data/hu041_eco.htm (16 June 2008)

⁵³ The Southern Great Plain had been experiencing relatively higher GDP until 1980s, so its situation was “relatively” not bad in the Communist era when compared to the Northern Great Plain.

attracted the most foreign investment after Budapest. Vas fits here because of its relatively lower level GDP in the Communist era changed after transformation.

TABLE 44: Per Capita Foreign Investment in 1994 and 2000 in NUTS2 Regions				
	1994 (1000 HUF)	1994 (%)	2000 (1000 HUF)	2000 (%)
Central Hungary	164	46.3	702	47.7
Central Transdanubia	50	14.1	199	13.5
Western Transdanubia	57	16.1	228	15.5
Southern Transdanubia	24	6.8	53	3.6
Northern Hungary	22	6.2	128	8.7
Northern Great Plain	14	4.0	69	4.7
Southern Great Plain	23	6.5	92	6.3
<i>National Average</i>	68	100	287	100

Source: (Pálné Kovács et al, 2004: 434)

The results of the analysis will be as follows, which is shown in Table 45 below:

TABLE 45: Typology of Hungarian Regions Under Transformation			
		Post-Socialist Transformation	
		Positive	Negative
Position in the Former Socialist Economy	Good	Positive Continuity Budapest, Fejér	Negative Discontinuity Northern Hungary, Baranya
	Poor	Positive Discontinuity Western Transdanubia (especially Vas)	Negative Continuity Northern Great Plain (especially, Szabolcs)

Source: The results are shown in **bold** according to typology made by (Gorzalak, 1997)

TABLE 46: Rank of Selected Counties and the Capital According to Their GDP (1= Highest, 20= Lowest)							
	1962	1967	1977	1981	1995	1998	2002
Budapest*	3	9	7	1	1	1	1
Fejér*	5	3	2	5	4	2	4
Vas**	17	18	15	14	3	4	3
Baranya***	4	1	4	3	10	10	11
Szabolcs-Szatmar****	20	20	18	20	19	20	20

Source: Deduced from 1962-1981 data from Sillince (1987), 1995-2002 data from Hungarian Central Statistical Office *Positive Continuity; **Positive Discontinuity; ***Negative Discontinuity (Borsod especially after 1980s) ****Negative Continuity

TABLE 47: Community Support Framework Objectives					
Global Objective	Convergence with the level of socio-economic development of the EU				
Specific Objective	A more competitive economy		Improving the use of human resources	Better environment and basic infrastructure	More balanced territorial development
CSF Priorities	Increasing competitiveness of the productive sector		Promoting employment and human resource development	Improving transport infrastructure and protecting the environment	Strengthening regional and local potential
Operational Programmes	Economic Competitiveness OP	Agricultural and Rural Development OP	Human Resource Development OP	Environmental Protection and Infrastructure OP	Regional Development OP

Source: Adapted from (CSF, 2003: 70)

The economic dimension should also be debated in terms of the Community Support Framework (CSF) 2004-2006 of Hungary because it may provide some clues regarding regional development mentality of Hungary. Hungary prepared CSF to converge its socio-economic development with that of the EU. In order to do so, Hungary determined four specific objectives as indicated in the table 49 below. Although all of them are related to reducing regional disparities somehow, only the fourth specific objective is directly related to “balanced territorial development.”

According to the segregation of data by the Regions and Operational Programmes, allocation of money in terms of payments to beneficiaries regarding NUTS2 regions between 2004-2006 can be seen in the table below:

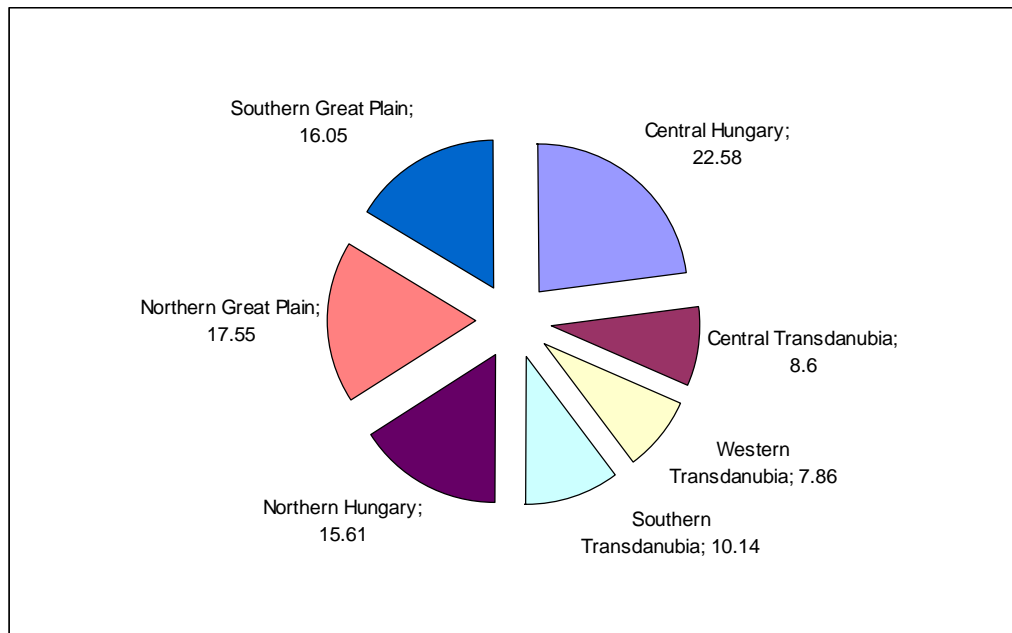
TABLE 48: Segregation of Data by Regions and Operational Programmes Payments to Beneficiaries, 2004-2006, %							
	CH	CT	WT	ST	NH	NGP	SGP
AVOP	6.9	17.08	28.88	29.85	12.68	23.41	24.26
GVOP	34.62	28.83	24.51	16.15	14.38	14.09	20.19
HEFOP	39.91	19.74	16.33	23.45	19.13	27.32	12.62
KIOP	8.54	17.85	15.37	7.72	34.95	17.24	24.11
ROP	10.04	16.5	14.91	22.83	18.85	17.95	18.83

Source: <http://www.nfh.hu/emir/eng>

According to the table, the first or second priority was either “increasing competitiveness of the productive sector” or “promoting employment and human resource development” in most of the regions. What is significant is that “balanced territorial development” is not placed as a first and/or second priority in any of the regions. As was mentioned before, the most significant aims of the law on Regional Development are as follows: On the one hand, the law aims at strengthening the economic development of the regions in terms of “social market economy.” On the other hand, strengthening the economic development does not seem enough since the law wants to promote balanced economic development among regions in order to reduce regional disparities. This logic meshes well with the Lisbon strategy of the EU which was set out in 2000, four years after the law: “Sustainable economic growth with more and better jobs and greater social cohesion.” Particular objectives of the regional development according to the law are also in line with these aims. What is striking among particular objectives is the aim “to create an attractive business environment for investors” (Section 3(2)). This shows that balance between “economic development” and “reducing regional disparities” is inclined to the former. Thus, the main tool is the market economy, and main solution is the “private sector’s” involvement. This may explain why “balanced territorial development” is not placed as a first or second priority.

Another point is shown in Figure 10 below. Nearly a quarter of these operational programmes went to the Central Hungary region, which implies that the capital city will continue to attract more projects in operational programmes.

**FIGURE 10: Segregation of Data by Regions and Operational Programmes
Payments to Beneficiaries, 2004-2006, %**



Source: <http://www.nfh.hu/emir/eng>

The main problem with regard to Hungarian “balanced” regional policy is mentioned in the Community Support Framework, (CSF, 2003: 62):

Budapest is one of the most dynamically developing and attractive financial, commercial, cultural and tourist centres of Central Europe. (...) The settlement network is over-centralised around Budapest, there are no regional centres that can be regarded as European medium-sized towns.

3.3.3.3. EU CONDITIONALITY

Horváth (1999: 167-168) argues that the law on Regional Development is Euro-compatible in terms of this development comprehension:

Its objectives are compatible with the principle of social justice and fairness, the political principle of equality, and is basically oriented towards economic development; it operates with market-conforming tools and creates the possibility to use regional economic regulators, allowing transparency in evaluating the efficiency of relevant institutions.

However, it should be underlined that EU conditionality on regional policies does not lead to uniform regional reorganisation.

The response of the CEECs in terms of the institutional design of systems of local and meso-level governance can be broadly categorized into two main types: (i) *democratizing reforms* specifically designed to promote an efficient regional development policy, and improve administrative efficiency, service delivery and the implementation of policy at the meso level; and (ii) *administrative-statistical reforms* aimed more generally at preparing for EU membership, including developing the necessary administrative capacity to access, process and administer structural and other regional development and cohesion funds. (Hughes et al, 2002: 13).

As far as Hungary is concerned, it is possible to argue that regional policies in Hungary are in line with the second category.

When considering the progress reports and strategy paper, there are mainly five important criteria in terms of regional policy: 1. Territorial organisation, 2. programming, 3. institutional structure, 4. legislative framework, and finally 5. financial management and control. Regarding territorial organisation, Hungary has almost been ready from the very beginning of 1997 since the NUTS regions were under construction. Territorial organisation based on NUTS (Table 49) was introduced via the Regional Development Concept in 1998. The basic requirements for the NUTS regions were as follows: “1. the borders of the regions should correspond to the county borders, 2. the population of the regions should be approximately the same.”⁵⁴

⁵⁴ (in case of the Central Hungarian region, this requirement cannot be fulfilled due to the size of Budapest, and this special issue should be considered in some surveys) <http://www.oth.gov.hu/en/regiok.php> (16 June 2008).

TABLE 49: EU-NUTS-Conform Regional Classification (as of 2004)	
NUTS 1 statistical large regions	3
NUTS 2 planning-statistical region	7
NUTS 3 counties + capital	19 +1
LAU 1 statistical subregions	168
LAU 2 settlements (towns + villages)	3145

Source: http://circa.europa.eu/irc/dsis/regportraits/info/data/en/hu_national.htm

According to the Comprehensive Monitoring Report of Hungary (European Commission, 2003: 42), as for territorial organisation, Hungary essentially meets the requirements.

As for programming, a major step taken by Hungary was the Preliminary National Development Plan approved in April 2000: “The Plan was a first attempt towards the development of a comprehensive and detailed National Development Plan in line with Structural Funds principles” (European Commission, 2000a: 62). However, major developments occurred in the 2001-2002 period. The final version of National Development Plan was approved in April 2001. Government has taken initiative for the strengthening the programming and implementing capacity. A new department was established with new staff in the Ministry of Economy for “accessions-related institution building” and “to make proposals related to the management of structural funds” after accession. In the Ministry of Agriculture and Regional Development, the Regional Development Department “in charge of coordinating the regional elements of the programming process and establishing the future managing authority for the regional development operational programmes” has been strengthened. In 2003, as to programming, Hungary essentially met the requirement except for the ex-ante evaluation and computerized monitoring system.

As for institutional structure, it is possible to state that multiple actors are involved in regional development:

Due to multitude of responsibilities and institutions, the main criticism mentioned in regular and comprehensive monitoring reports has always been the lack of inter-ministerial coordination since 1997. The main mechanism for inter-ministerial coordination was the National Council for Regional Development (NCRD). However, the Regular Report of 1998 stated that NCRD is not effective in a coordinating role and needs an additional institutional structure. In 1999, the report revisited the recurring problem: “the appropriate human and financial resources are still lacking and inter-ministerial coordination is weak leading to delays in the establishment of the Development Plans” (European Commission, 1999a: 46). Hungary had to establish “Interministerial Committee for Development Policy Coordination” to strengthen the lacking coordinating capacity. According to the Comprehensive Monitoring Report (European Commission, 2003: 43), Hungary partly meets the requirements:

As regards institutional structures, Hungary needs to strengthen interministerial co-ordination and finalise the design of the implementation structure, including in the area of financial control, providing for a clear definition, a clear allocation of tasks and an adequate separation of functions.

In terms of legislative framework and financial management and control, these are mostly related to general requirements of Hungary concerning multi-annual budgetary programming, public procurement, state aid, etc. According to the Comprehensive Monitoring Report (European Commission, 2003: 43), these conditions were partly met by Hungary:

Concerning the legislative framework Hungary must urgently adopt new legislation on public procurement⁵⁵ in line with the acquis and to make sure that final beneficiaries will be in a position to effectively apply the rules and procedures resulting from the new law in order to benefit from Community funding from 1 January 2004. (...) In the area of financial

⁵⁵ Act CXXIX on Public Procurement was accepted in 2003 by Hungary.

management and control⁵⁶, Hungary needs to complete the development of procedures, to reorganise its budgetary structure and to streamline the very centralised system of payments.

TABLE 50: Organisation of Pre-Accession Instrument According to Government Resolution No. 2307/1998					
<i>Pre-Accession Instruments</i>	<i>ISPA</i>		<i>SAPARD</i>		<i>Training Programme</i>
<i>Functions</i>	Coordination	Preparation and Implementation	Coordination	Preparation and Implementation	Preparation
<i>Responsible</i>	Minister of Economic Affairs, together with the Minister without portfolio responsible for PHARE programmes	Minister of Environment and the Minister of Transport, Communication, and Water Management	Minister of Agriculture and Regional Development together with the Minister without portfolio responsible for PHARE programmes	Minister of Agriculture and Regional Development and the Presidents of the Regional Development Councils	Minister of Interior

Source: (Hungarian government, NPAA, 1999)

3.4. CIVIL SERVICE

The civil service system in the EU has both differences and similarities as in the case of public administration systems. That is why, EU accessions do not urge any candidate country to adopt a different system than it used to have to the extent that they are not in conflict with the dominant principles of the EU.

Indeed there is no uniform system of civil service among EU countries. An analysis of the civil service system with performance-related pay may give some clues about this difference as well as tendencies. As is seen from the table

⁵⁶ Hungary adopted the Act XXIV of 2003 “on the amendment to certain acts on the use of public monies and on disclosure, transparency and increased control in regard to the use of public property.”

below, those countries that adopt a position-based human resources (HR) system (7) and a different type of HR system (3) also accepted, without exception, a performance related based system. Seven countries adopting a career-based HR system accordingly adopted a non-performance related pay (PRP) system. Adopting both a career-based and PRP appears as the highest frequency with 10. Though indicated as non-PRP countries, according to the OECD report, “the Czech Republic, the Slovak Republic began to put PRP mechanisms in place” (OECD, 2004: 11). This is true also for Portugal, according to Demmke (2007). As to Ireland, “PRP is only applicable at Senior Management Level” (Demmke et al, 2006: 59). Thus, mixed restructuring between career-based and PRP seems to be an increasing trend in the EU: “PRP policies have now been introduced into some career-based systems in such a way as to increase flexibility and to promote individual accountability (Hungary; France, for instance)” (OECD, 2004: 6).

Hungary is one of the examples of a mixed system of career-based and PRP. Performance related pay was introduced in 2001, as was discussed in the modernisation of the public administration chapter.

The SIGMA report (1999: 21) underlines that Hungary is part of the “restricted concept of civil service” following countries such as Germany and UK. This kind of conceptualisation implies those employees working within the “core public administration.” According to the law, civil servants or “public officials” perform “decisive and specific functions” and they are enumerated in the law: the central public administration agencies (Prime Minister's Office, the ministries and agencies of nation-wide authority), regional and local agencies, the public administration offices of the counties and the capital, offices of representative body (the office of the representative bodies, the official administrative associations of local governments, notarial districts)⁵⁷ Furthermore, some offices such as the State Audit Office, the Office of the

⁵⁷ For a full list, refer to Government Resolution 1085/2004 (VIII.27.)

National Radio and Television, etc. may employ public officials. Additionally, administrative and deputy state secretaries are also considered public officials. This restricted comprehension excludes those who work for the public such as teachers, the police, hospital doctors, etc. The law calls this group of public employees as administrators who “perform administrative functions at public administration agencies.” Their legal status is regulated by a different act, XXXIII of 1992.

TABLE 51: Civil Service System in the EU					
<i>EU Members</i>	<i>Human Resources System</i>			<i>Performance Related Pay (PRP)</i>	
	<i>Career-Based</i>	<i>Position-Based</i>	<i>Different</i>	<i>PRP</i>	<i>NON-PRP</i>
<i>Austria</i>	X			X	
<i>Belgium</i>	X			X	
<i>Bulgaria</i>	X			X	
<i>Cyprus</i>	X				X
<i>Czech R.</i>	X				X
<i>Denmark</i>		X		X	
<i>Estonia</i>		X		X	
<i>Finland</i>		X		X	
<i>France</i>	X			X	
<i>Germany</i>	X			X	
<i>Greece</i>	X				X
<i>Hungary</i>	X			X	
<i>Ireland</i>	X				X
<i>Italy</i>			X	X	
<i>Latvia</i>	X			X	
<i>Lithuania</i>	X			X	
<i>Luxembourg</i>	X				X
<i>Malta</i>		X		X	
<i>Netherlands</i>		X		X	
<i>Poland</i>			X	X	
<i>Portugal</i>	X				X
<i>Romania</i>	X			X	
<i>Slovakia</i>	X				X
<i>Slovenia</i>			X	X	
<i>Spain</i>	X			X	
<i>Sweden</i>		X		X	
<i>UK</i>		X		X	

Source: Demmke et al., 2006

In terms of employment of civil servants, Hungary is included in the countries adopting a career-based system for the majority of the civil servants. However, it should be underlined that Hungary adopts a “position-based” system for the managerial positions which correspond to “about 12% of all civil servants” (Gajduschek: 2007: 350).

The “public service legal relation” begins with the appointment (“contract of employment”) and its acknowledgement for an “indefinite” term as a rule. The probation period may be a maximum six months. During this period, it is possible to put an end to the legal relation “without justification” (Jenei, 1999: 5). Other exceptions for the termination of the public service legal relationship are as follows according to the article 15 (2): “a) upon mutual agreement of the parties, b) upon transfer to agencies subject to statutory laws regulating civil servant or official legal relationships, upon resignation, upon dismissal.” Despite the fact that the law gives political authorities a right to implement a work-force cut, it can occur only in extraordinary situations such as “impossibility of further employment” and the “decision taken by the Parliament, the Government or the representative-body of self-government” (17/1(b)). Formally, those who are dismissed have a right to “public dispute” and “severance pay.”

As a rule, the Hungarian personnel administration promotes a life-long career system in terms of employment⁵⁸ in accordance with a merit system (except for managerial levels). On the other hand, as far as wages are concerned, there is a mixed system in Hungary. In line with the merit system, public officials are classified and remunerated in accordance with their “educational classifications and periods serviced” (Jenei, 1999: 8). Accordingly, Article 25/9 stipulates that “public officials are entitled to public administration special examination bonus who have take[n] special examination in public administration

⁵⁸ “Recruitment based on merit is not guaranteed because of the lack of a legal mandatory public competition for recruitment” (SIGMA, 2002: 8).

or law, or have obtained academic degrees qualified as of public administration type.” A language examination also increases the amount of salary. However, apart from this general code of conduct, before 2001, there used to be the “personal wage” implementation which gives an organisation’s head a discretionary right to determine higher wages especially for those who are well-qualified professional (Gajdushek, 2007: 350). Although the personal wage system was abolished, a mixed system on salaries continued to dominate after the 2001 amendments with the introduction of performance related pay. It is also possible to give higher salaries to those who are appointed to “titular positions” or “advisory positions” as Gajdushek (2007: 350) mentions; nevertheless, these titles can be given only under certain conditions. For example, according to Article 30 (2), the title of honorary chief counsellor may be given to those who have had 17 years of a public service legal relationship. In order to be promoted as a professional advisor, according to Article 30/A, “at least 5 years of public administration practice and special examination in public administration or law” is needed among those who are in the classification category I. However, the number of the political advisors and chief political advisors cannot “exceed 10% of the number of the public officials of the public administration agency having higher educational qualifications.”

3.4.1. PERFORMANCE ASSESSMENT

Performance related pay and a performance appraisal system were introduced via the 2001 amendment of the law on civil servants of 1992. Previously, pilot experiments of performance appraisal system were put into practice in 1999 in the Prime Minister's Office, the Ministry of Finance, and one regional office of the National Taxation Office (Jenei, 1999: 10). Performance assessment comprises the majority of the civil servants except for senior level civil servants: “administrative state secretaries, deputy state secretaries, political lead consultants and political consultants” (OECD, 2004: 54). Under the general

framework of performance assessment set by the law, it is up to “each public administration organisation to decide how to implement” performance related pay including changing merit increment ratios between +20% and -20%⁵⁹ (OECD, 2004: 54). Performance assessment is composed of three basic levels (OECD, 2004: 54): 1. The definition of the objectives (by the minister or the heads in the central administration; by the body of representatives in local governments), 2. the definition of personal performance assessment criteria (based on job descriptions), 3. the written assessment (by the head of the organisation).

The difficulty related to these NPM-related changes, according to Jenei (1999: 10), is that “there are unhappy memories from the old socialist system when qualifications concentrated mainly on political reliability, and therefore there was strong resistance against any qualification requirements for staff.”

The new government headed by first Medgyessy and later Gyurcsány also followed “public service development” both for the sake of modernisation and Europeanisation of the Hungarian civil service. The EU continued to support “human resources development” with transition facility programmes after the full membership as well. “Competence-based integrated system of the human resources management at the organs of the Ministry of Interior”⁶⁰ is one example among others. This program was implemented with the motto of the “right person to the right position.” One of the main objectives of this project was to keep civil servants in the public sector. Indeed, this aim is expressed at any opportunity: “They will be able to make professional and financial progress while winning the respect of society, if they choose civil service as a life profession and perform quality work” (Zoltan, 2003). With this project, either the employee will be located to the right place, or the employee will be competent for the job. In order

⁵⁹ As of January 2005, the ratio was changed to +30% and -20% (SIGMA, 2005: 11).

⁶⁰ http://ec.europa.eu/enlargement/fiche_projet/document/2004-016-689.03.02%20JHA-competence%20based%20HR.pdf (16 June 2008)

to do so, the project introduces “competence-based integrated strategy” instead of “random strategies. Five components of this project include firstly, competence-based human resources management comprising extensive job analyses. Secondly, selection of the employees is provisioned on competence and a pre-defined job basis. Thirdly, those who are employed should be trained and re-trained in order to improve their competences. After selection and training, control and assessment of these competences phases take place. Finally, competence-based career planning considering job analysis, selection, training and control is proposed.⁶¹ The use of IT technologies is one of the basic parts of this project. Since its objective is to improve competences of the civil servants, it simultaneously aims at strengthening life-long career and increasing performance. Nevertheless, NPM related policies comprising total quality management are increasingly influencing the program of the government as follows:

- System of Performance Appraisal, managed by the Ministry of Finance;
- Customer Service - Citizens Friendly;
- Quality Management in Local Governments, managed by the Ministry of the Interior. (FORMEZ, 2005: 18)

As far as the EU is concerned, the amendments of 2001 were welcomed but with caution. According to the SIGMA (2002: 14) report, adoption of “human resource management techniques” implying performance appraisal system and implementation of extensive and intensive training programmes are considered a positive development. Nevertheless, the report suggests that discretionary power to determine individual remuneration should be narrowed. Basic criticism directed at the Hungarian personnel administration is mostly related to further politicisation of higher management levels with the introduction of senior civil servants’ posts.

⁶¹ http://ec.europa.eu/enlargement/fiche_projet/document/2004-016-689.03.02%20JHA-competence%20based%20HR.pdf (16 June 2008)

3.4.2. SENIOR CIVIL SERVANTS

As indicated above, managerial positions have nothing to do with a career-based merit system. Contrary to the civil servants' regime of Hungary applied to lower rank civil servants, employment and wage system are classified as position-based. Jenei explains the situation of the managerial positions as follows:

A civil servant appointed to a managerial position cannot be promoted. His/her rank and salary are independent from the seniority system. Instead, it is determined by the position filled. If his managerial position is withdrawn, he/she shall be rated (assigned) into the appropriate category and grade in accordance with the general norms. (Jenei, 1999: 8)

Another problem with the Hungarian senior civil servants is politicisation. (Table 52)

TABLE 52: Proposal and Appointment of the Managerial Positions		
<i>Managerial Positions</i>	<i>Proposed</i>	<i>Appointment</i>
<i>Administrative State Secretaries</i>	PM	President
<i>Deputy State Secretaries</i>	State Secretary	The Minister Concerned
<i>Senior Public Servant Staff</i>	Committee Nominated by the PM	PM
<i>Department Chiefs, Department Heads, and Their Deputies</i>	Open Competition	PM or the Minister Concerned

Source: (Compiled from Jenei, 1999; SIGMA, 2002)

High turnover among state secretaries may exemplify the degree of politicisation. (Table 53) According to figures supplied by Meyer-Sahling (2008: 13), in the Antall government 91.9% of inherited state secretaries were removed from their office in 3 months. The ratios are as follows respectively in the Horn and Orbán governments: 47.6 and 58.8. Removal from the office during the full term is as

follows: Antall (97.3%), Horn (76.2%), Orbán⁶² (85.3%) What is striking about the figures is that most of the changes occur within six months after government change as indicated in the table 55.

TABLE 53: Replacement of Administrative and Deputy State Secretaries Within Six Months After Changes of Government							
		Antall		Horn		Orbán	
		N	%	N	%	N	%
Administrative State Secretaries	Inherited	18	100	14	100	13	100
	Replaced	17	94.4	10	71.4	11	84.6
	Not Replaced	1	5.6	4	28.6	2	15.4
Deputy State Secretaries	Inherited	56	100	49	100	55	100
	Replaced	51	91.1	25	51	35	63.3
	Not Replaced	5	8.9	24	49	20	36.7

Source: (Meyer-Sahling, 2008: 13)

When evaluating the SIGMA (2002) report in terms of the Hungarian civil service, it is seen that negative critiques are mainly stemming from loopholes of merit system. Four basic critiques are as follows: 1. Politicisation of the civil service is boldly criticized, 2. high discretion of politicians and managers about salaries and bonuses, 3. Lack of compulsory open competition in recruitment, 4. fragmentation and heterogeneous application of general civil service standards. These are basic demands of the merit system. From another angle, when considering the positive comments about the Hungarian civil service, they mostly praise the merit system such as the secure character of tenure and stability, or attractiveness to provide a professional career with career development, training and better salary structures. The performance appraisal system is mentioned in this context for better motivation of the staff.

3.5. EVALUATION

Before passing to the chapter on Turkey, the main assumptions of this study will be evaluated in this sub-section.

⁶² For Orbán, replacements are counted by 31 December 2000 (Meyer-Sahling, 2007: 13).

Considering the principles included in the texts of the reforms in Hungary, the existence of the principles of governance such as openness/transparency, participation, accountability, effectiveness is clear. However, when it comes to the implementation, it may not be so. Transparency International's Corruption Perception Index (Table 54) is one of the variables referred to in SIGMA documents. Therefore, it is possible to search for the relation between the EU accession process and the corruption perception with reference to this index. Presumably, the 2003 - 2006 period must have been better scored if the EU process would have had a positive impact on the corruption perception as one of the key principles of European governance. An interesting conclusion is that, the 1998 - 2002 period is better than 2003 - 2006 for Hungary. On 1st May 2004, Hungary became a full member of the EU. As far as country rank is concerned, Hungary could not reach 1998 level even in 2006, two years after full membership.

TABLE 54: Corruption Perception Index, for Hungary								
Years	1998	1999	2001	2002	2003	2004	2005	2006
Score	5,00	5,20	5,30	4,90	4,80	4,80	5,00	5,20
Rank	33	31	31	33	40	42	40	41

Source: Transparency International, <http://www.transparency.org>

There is also a wider analysis of governance indicators gathered from various international organisations calculations by the World Bank. According to this analysis, there are six governance indicators (Table 55): 1. Voice and Accountability, 2. political stability, 3. government effectiveness, 4. regulatory quality, 5. rule of law, and 6. control of corruption. According to the data, half of these variables/governance principles, namely government effectiveness, rule of law and control of corruption, declined between 1996 and 2006. The resulting score is almost the same with the 1996 level for Hungary.

TABLE 55: Governance Indicators for Hungary				
Indicators	Years			
	1996	2006	1996	2006
Voice and Accountability	83.3	87	1.11	1.14
Political Stability	63.5	66.8	0.58	0.73
Government Effectiveness	76.8	72.5	0.59	0.71
Regulatory Quality	73.2	85.9	0.66	1.1
Rule of Law	78.6	73.8	0.85	0.73
Control of Corruption	76.7	69.9	0.63	0.51
Score	75.35	75.98	0.74	0.82

Source: World Bank, <http://info.worldbank.org/governance/wgi2007/pdf/c101.pdf>

Among the Central and Eastern European countries, Hungary was considered the most successful candidate country in terms of administrative capacity development at the end of the 1990s (Verheijen, 2000: 25, 49). Once the most diligent pupil Hungary was regarded as one of the laziest pupils in the class in 2005 according to the World Bank report (2006: 32): “If a SIGMA review were conducted today, the majority of the EU-8 countries would fall in the ‘baseline not yet achieved’ category” including Hungary.

How could this be possible? There are two answers. The first is related to concept of the “loose principles”; and the second is connected to the notion of “formal adaptation.”

Starting with the first point, it is possible to argue that under the name of the “EU model,” there are only general principles of European governance and SIGMA baselines which do not pose a common, uniform and concrete EU model. General principles of the European Union are mainly based on administrative law. As a county that has “a long tradition of well-developed laws and legal institutions” (SIGMA, 1997: 21), Hungary can well find corresponding principles in its administrative law system. Among others, it is a requirement stemming from Article 7 of its constitution which stipulates that “Hungary accepts universally recognized rules and regulations of international law.” However, what is striking is that even Communist Hungary could have equivalent principles of

European ones, though different names in “the general rules” introduced in 1957, such as;

- ... lawfulness, democracy, and humanism
- ... to facilitate the enforcement of rights, the performance of duties, and the strengthening of civic discipline
- ... the active involvement of the population
- ... co-operation
- ... speedy and simple procedures
- ... equality before the law
- ... guarantees against discrimination or bias
- ... the right to be informed of their rights and obligations and to be heard
- ... the right to recourse from the initial decision (SIGMA, 1997: 26)

Lawfulness and equality before law, etc. are important guarantees for reliability and accountability. The right to be informed and have active involvement can be seen as a part of the openness and transparency. Speedy and simple procedures in addition to performance of the duties seem to aim at efficiency and effectiveness. From a general perspective, it is possible to argue that Hungary has always satisfied these “European” principles.⁶³ These principles are so loose that they can be interpreted for any kind of political system including Communism. These principles mentioned above are the principles of Communism, and not surprisingly they are in line with the current European principles up to a certain point.⁶⁴ The same argumentation can be made for the

⁶³ However, from a specific perspective there were some loopholes in the system such as publication of guidelines, policy statements, etc. about the legal procedures, etc. (SIGMA, 1997: 28). Although there are such situations, that does not necessarily mean that these are systemic problems. On the contrary, incremental regulations including laws (such as right to information) can ameliorate the problems concerned.

⁶⁴ According to the SIGMA (1997: 36) report, “forty years after the original enactment, the General Rules are in need of general overhaul. They are complex, too detailed on some matters,

Capitalist systems, and its proponent ideology, Neo-Liberalism. Blomgren and Sahlin (2007: 155, 156, 166) pay special attention that new public management reforms have been conducted “in the name of transparency.” In this context, transparency became a tool for “customers” to know “the basic information like price and quality of the service.” Therefore, it became a tool for market orientation and motivation. This conclusion does not necessarily suggest that transparency is somewhat “bad,” but it implies that such attractive principles are double-edged, thus needing to be analysed carefully by going beyond the scope of administrative law. Secondly, that is why, it is argued that loose concepts and principles do not suggest concrete models and can be well founded in any political, i.e. Communist and capitalist, and administrative system, i.e. unitary or federal.

In the sense of positive integration, which implies institutionalisation, only regional and financial management urge candidate countries to adopt a concrete institutional model adopted by the European Union. Planning-statistical regions and regional development agencies are two important “concrete” institutional models dictated by the EU. Despite these concrete suggestions, a differentiated impact of these institutional arrangements in Hungary remained limited with “adjustment/partial re-engineering” (Lodge: 2002) or “accommodation” (Börzel and Risse, 2000) level. These arrangements did not lead to transformation in the public administration system, i.e. “regional government.” In terms of financial management and control, it seems at first that financial control and external audit offer a concrete model. However, the SIGMA baseline report (1999: 3) explicitly underlines that “The Treaty does not specify any predetermined model of financial control to be applied by Member countries.” Instead of a model, it lays down some “general obligations.” Furthermore, the EU accepts different solutions (models) to internal audit “such

too sparse on others...” Nevertheless, that does not necessarily mean that they are wrong; they just need some revisions.

as Inspectorate General of Finances, the northern solution as in Netherlands or Sweden” (SIGMA baselines, 1999: 14). It shows that a “concrete” model urging a new institutionalisation under the name of “internal audit” is not to be uniform among all EU countries.⁶⁵ The same argumentation is also true for external audit: “The nature and functioning of external audit is not as such part of the *acquis communautaire*” (SIGMA baseline, 1999: 21). Nevertheless, any candidate country must have some certain conditions such as “an effective supreme audit institution.”⁶⁶ What is crucial here is that main standards accepted by the EU are those set out by INTOSAI. Therefore, the European Union accepts international standards as its “general” model in terms of external audit.⁶⁷ Hence, in terms of both internal and external audit, Hungary did not “fundamentally-substantially” change its institutional structure, but only re-organized its structure.

As for the second point is concerned, it is possible to argue that administrative capacity development in the EU accession process is based on “formal” adaptation to the EU *acquis*. From a formal perspective, Hungary and other new member states are in a better position when compared to even old member states according to the WB in terms of “transposition ratios of EU directives.” For example, out of 1635, only 12 directives were not transposed by Hungary while the amount is 72 in Luxembourg as of 1st of December, 2005. Infringement cases against Hungary were also lesser than “old” members: 10 (in Hungary) versus 157 (in Italy) as of 1st of October, 2005. (World Bank, 2006: 3) However, according to the WB, administrative capacity should not be limited to “formal” adaptation. It should consider implementation rather than simply formal adoption. When an analysis based on variables like fiscal discipline, fund

⁶⁵ In essence, a functioning internal audit system is promoted and is supposed to be “functionally independent” that has an “adequate audit mandate” using “internationally recognised auditing standards” (SIGMA baseline, 1999: 4). In Hungary, instead of establishing a new institution, the Government Control Office took the responsibility of internal audit.

⁶⁶ For other baseline elements of public sector external audit, see. SIGMA baseline, 1999: 21-22.

⁶⁷ The main actor in an external audit is the Hungarian State Audit Institution.

absorption rate, and service delivery is made, the World Bank concludes that Hungary, even after full membership, is one of the worst developed countries in terms administrative capacity.⁶⁸ First, fiscal deficit is continuing to increase in Hungary even after the membership. Second, except for Latvia, all seven new members, including Hungary, are experiencing problems related to the “absorption capacity of EU funds.” Finally, it is also problematic for Hungary to have the worst rank among 8 new members with regard to “doing business” and “corruption as a problem for business” (World Bank, 2006: 4-5). According to the WB, the solution is a “well-functioning management system,” including performance management and strategic planning. Therefore, lack of a “fully fledged performance management approach” is the reason for not having satisfied the administrative capacity criterion of the World Bank.

As for the impacts of EU accession on the Hungarian Public Administration model, the main findings are as follows:

Governmental level analysis in Hungary shows that there has been a centralisation tendency in the context of EU accession. Local and regional level analyses in Hungary also supported the same tendency. Combined with these three levels, the EU accession process creates legitimate grounds for centralisation and gives the Hungarian government a chance to be involved directly in it. It proves that the government is not a passive player, but an active power in the process which is in line with the assumption that EU accession has opportunities for candidate countries.

Including civil service, a four-level analysis demonstrated that public administration system of Hungary is basically influenced formally instead of substantially by EU accession. An already powerful prime minister became

⁶⁸ It should be bore in mind that, it is a rather neo-liberal oriented evaluation of the administrative capacity. For example, high fiscal deficit triggered by high public expenditures is one the variables which deem Hungary unsuccessful according to the World Bank report.

stronger in the process. Decentralisation in the local governments did not change its structure with reference to the subsidiarity principle. Regional policies did not go beyond formal-statistical changes. Finally, civil service reform mainly aimed at strengthening the Weberian career system in Hungary except for top level bureaucrats. Therefore, the capacity development aim of the EU did not mean system change in public administration in Hungary. It proves that there is no one single EU public administration model which is to be adapted by the candidate countries.

It is also proven by the Hungarian case that the EU-related organisation is mostly under the initiative of the candidate country. Management of EU affairs by Hungary has always been strong. Both Verheijen (2000: 36) and the World Bank report (2006: 29) mention Hungary's success of administrative capacity of the EU-related organisation. The Hungarian way of managing EU accession has some important characteristics (Vida, 2002): 1. Ministerial responsibility, 2. co-ordination across ministries, 3. leading role of the State Secretariat of Integration, 4. single channel communication, 5. mono-centred. Table 56 depicts the Hungarian way.

The Hungarian model preferred a special EU cabinet within the Council of Ministers and inter-ministerial committees. A special EU organisation under the framework of the Ministry of Foreign Affairs was the basis of this strategy. The "Hungarian way" illustrates that specific reform is dependent upon the candidate country. "States are free to set up their public administration as they please, but it must operate in such a way as to ensure that Community tasks are efficiently and properly fulfilled to achieve policy outcome," thus it is a kind of "*obligations de résultat*" (obligation of results) (Fournier, 1998: 121). In order to realize this efficiency, Europeanisation of the Hungarian executive paved the way for centralisation of the executive. Europeanisation became the legitimate tool for centralisation. This finding verifies Goetz and Margetts' (1999: 447) argument

that “the prospect of EU membership acts as a powerful centralizing force within the executive.” However, this tendency is not limited with the executive. It is possible to find examples of centralisation both on local and regional levels.

TABLE 56: “Hungarian Way” of Central Decision-Making Structure on European Integration				
	<i>Ministerial Committee</i>	<i>Designated Minister</i>	<i>Committee of Senior Officials</i>	<i>Secretariat</i>
<i>Antall-Boross (1990-1994)</i>	-	Minister of Foreign Affairs	Committee on European Community Affairs	-
<i>Horn (1994-1998)</i>	European Integration Cabinet	Minister of Foreign Affairs	Inter-ministerial Committee for European Integration	State Secretariat for Integration (Ministry of Foreign Affairs) Strategic Task Force (PMO)
<i>Orbán (1998-2002)</i>	-	Minister of Foreign Affairs	Inter-ministerial Committee for European Integration	State Secretariat for Integration (Ministry of Foreign Affairs)
<i>Medgyessy (2002-2004)</i>	European Integration Cabinet	Minister of Foreign Affairs Minister without portfolio responsible for European affairs	Inter-ministerial Committee for European Integration	State Secretariat for Integration and External Relations (Ministry of Foreign Affairs)
<i>Gyurcsány (2004-2006)</i>	Cabinet of Government on European Affairs	Minister without portfolio responsible for European affairs Minister of Foreign Affairs	Inter-ministerial Committee for European Affairs	the Office for European Affairs (PMO)

Source: Based on Verheijen (1998: 31) classification.

Decentralisation policies were used for the sake of increasing the political power of the governments. This means centralisation via decentralisation. The

principle of subsidiarity did not play a significant role. The reform program of 2003 referred to this principle not as an element of EU accession, but as part of the recommendation of the Council of Europe. It also shows that the non-existent local government model gave a chance to candidate countries to choose any model they wanted.

Unlike local governments, the EU forces any candidate country to set-up regional development councils and statistical regions. However, again, the Hungarian case shows that it does not necessarily mean change in the administrative system from unitary to federal. Regional development councils based on regional-self government understanding is not a request of the EU, but the Council of Europe. Hungary has chosen to adapt its regional policies from a formal-statistical perspective without changing its administrative structure. According to Marcou's (2002: 15) classification, Hungary falls into the category of "administrative regionalisation" and "regionalisation through existing local government" rather than "regional autonomy," or "regionalisation through federal entities." The first category implies that regional councils have no self-government right based on regional elections. It also indicates the significance of the centre due to the number of the central agents. The second category implies the county level in Hungary, which has been used for regionalisation. According to Ágh's (2003: 75) classification, Hungary corresponds to the "the deconcentrated administrative region established from above by the government" rather than "the strong municipal region."

The Hungarian case reveals another fact that the EU's social part, that is structural funds including regional funds, did not lead to decreasing regional disparities. On the contrary, it let Budapest to widen the gap. From an administrative point of view, it can be seen as part of centralisation tendency. Indeed, Budapest is not only an administrative and political centre, but also the centre of the funds to be used. Furthermore, regional policies increased the

influence of the government in power since regional development councils are dominated by the representatives of the centre. The government wanted to dominate localities via regional development councils. “Indeed, concepts such as regionalism or partnership have been used as tools for the re-centralisation of the policy process and for resource distribution alongside clientele and clique interests. The formal institutional arrangements may be Euro-conform, but the content is rather similar to the ‘eastern political culture’” (Palné Kovács et al, 2004: 457).

As to the civil service system, it also validates the assumption of non-existence of the EU model. It is a fact that the EU wants candidate countries to increase administrative capacity via depoliticisation and professionalisation. In this context, not surprisingly, the Weberian career system is suggested by the EU. It also proves that new public management is not a pre-condition for candidate countries. Indeed, Hungary implemented NPM-related reforms not because of the EU, but for itself, especially after the membership.

The public expenditure level in Hungary shows another fact that a public expenditure cut is not a compulsory element of EU accession. Neo-liberal public expenditure cut policy pursued between 1995 - 2000 was left in 2000 and it began to increase even after the membership.⁶⁹ It shows that a social-liberal framework of the EU leaves a certain amount of room for *manœuvre* to the candidate countries.

The final point related to Hungary can be mentioned in terms of the relation between Europeanisation and modernisation. Since the demise of

⁶⁹ However one thing should be added to these assumptions. Although the public expenditure level is not a precondition for EU membership, fiscal deficit is an important variable for the European Monetary Union. It is out of the scope of this study if Hungary is going to reduce its public expenditure level in order to satisfy the 3% fiscal deficit criterion of the EMU after the membership, since the scope of this study is confined to the accession process.

Communism in Hungary, Hungary wanted to modernize its public administrative system in line with Capitalism. In order to do so, the country pursued modernisation programs concerning its public administration. Modernisation efforts of Hungary became parallel especial with the introduction of Hungarian national program of the adoption of EU *acquis communautaire*. Hungarian modernisation was equalized to EU accession.

All these conclusions deduced from the chapter on Hungary support the assumptions that EU enlargement presents a framework which includes opportunities for candidate countries since there is no common public administration model of the EU.

The case of Hungary presents important data about the Turkish way of EU accession. In Turkey, NPM-oriented neoliberal policies are being implemented for the sake of EU accession. Why is that so since it is not compulsory? The answer will be given with reference to two important factors: Objective and subjective. The objective factor is the role of the state as emerged from the economic crises. The subjective factor is the role of the governments in power. Another conclusion is that not only for Hungary but also for Turkey, EU accession is important on the grounds that it is equal to administrative reform.

CHAPTER FOUR

4. PUBLIC ADMINISTRATION REFORM IN TURKEY

In this chapter, the Turkish case will be introduced in line with the theoretical and conceptual framework presented in the introduction. In the context of the role of the state triggered by the economic crises, administrative reforms will be analysed in terms of economy-administration, politics-administration and centre-local relations. After explaining the Turkish republic history within this framework, administrative reforms in the EU accession process will be incorporated into the analysis.

The first section of this chapter will deal with generic reform process. The second section will deal with the specific reform process. As will be clearly shown, both generic and specific reform processes will overlap.

4.1. APPLICATION OF THE FRAMEWORK TO TURKEY

In the first section, the political history of Turkey will be divided into five periods in line with the role of the state: *étatisme*, post-war liberalism, import-substitution, first and second round of neo-liberalism.

4.1.1. ÉTATISM

In this section, *Étatisme* (1929 - 1938) will be analysed with the periods coming before (1923) and after (1939 - 1945). Although this period (1923 - 1945) corresponds to the one party administration of Republican People's Party (RPP), there has not been one static role assigned to the state.

4.1.1.1. PRE-ÉTATISM: LIBERAL ERA (1923 - 1929)

TABLE 57: Summary of 1923-1929					
	Yearly Average Increase (%)			% GDP	%
Period	GDP	Agriculture	Industry	Investment	Export/Import
1923-1929*	10.4	15.0	8.5	9.1	62.6
Role of the State			Non-Protectionist, and Non-Interventionist		
Structural Factors			Lausanne Treaty		
Voluntaristic Factors			Izmir Economy Conference		

Source: *Kazgan (2004: 75)

The economic role of the state after the establishment of the Republic of Turkey was liberal in the sense that protectionist policies such as a high customs tax were not implemented, and *étatist* policies were not followed except for the railways. Historically, this orientation was the continuation of Ottoman era economic policy after 1908 (Boratav, 2007). A structural reason for this orientation was the Lausanne Treaty.

Trade convention additionally signed to Lausanne Treaty, freezes Turkey's economic policies which can be implemented against the abroad during 5 years, and apart from a few exceptions, foresees the abolishment of export and import bans, and not to introduce new ones; not to change customs tariffs during 5 years (Boratav, 2007: 44).

According to Tezel (1986: 142), customs were not the only tool to protect the domestic economy from the foreign capital. This structural factor should not be overestimated. As is argued by Turgut (1991: 99), voluntaristic part of this policy was complementary in the sense that the political power adopted liberalism with the support of big land owners. Based on these objective and subjective factors, the new republic gave the state a non-protectionist and non-interventionist (except for railways) role.

The foundation of the republic and liberal era was dominated by İnönü governments⁷⁰ with hard measures stemming from the Law on Maintenance of Order (Takrir-i Sükun).

TABLE 58: Foundation - Liberal Era
1 I. İnönü government (30.10.1923-06.03.1924)
2 II. İnönü government (06.03.1924-22.11.1924)
3 Okyar government (22.11.1924-03.03.1925)
4 III. İnönü government (03.03.1925-01.11.1927)
5 IV. İnönü government (01.11.1927-27.09.1930)

Source: <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

İnönü kept his first government program (1923) short and he did not even prepare a government program for his second term. İnönü's motto was "deed rather than word." The third Republic government formed by Okyar reveals the fact that governments in a one party regime cannot have separate programs other than their party programs. Thus, short or non-existent government programs do not necessarily mean that there is not any program to follow.

A dominant theme in the government program (1924) regarding internal affairs was the maintenance of order and peace. However, the mild attitude of Okyar against rebellions within the territories gave rise to change in the government, and İnönü formed five consecutive governments until the end of 1937. Especially reactive movements in the Eastern provinces are mentioned by the government program. The fourth İnönü government program (1927) reflects self-confidence of the government as arguing that the administration functions like a clock in every inch of the country. According to Keyder, this self-

⁷⁰ It is also true that the İnönü governments and İnönü himself continued to dominate political power in the étatist era with the principle of mild/moderate étatism.

confidence would reach to a level to remove the law on Maintenance of Order in 1929 (Keyder, 2005: 134).

Bureaucrats in the new republic dominated the era. Regulation of rights and obligations of the public servants was also among objectives of the governments. This would be realized during the third İnönü government with 1926 Law No. 788 on public servants. Nevertheless, power of the bureaucrats was challenged by “Kurdish nationalist/religious” rebellions such as 1924-1925 Sheikh Sait (Keyder, 2005: 118). That is why hard measures were taken especially by İnönü and the Law on Maintenance of Order was put into practice.

Apart from rebellions, there was a struggle within the bureaucracy in the foundation era. With the decree of 1926, those who cooperated with occupying forces and appointed by the İstanbul government would be purged. Yet later the purge became limited and covered only those who opposed to the Anatolian movement. Discharge in the bureaucracy was more common in military bureaucracy instead of civil bureaucracy (Aslan, 2005: 245).

There was no challenge from the merchants because of the implicit consensus on the grounds that privileges were transferred to “new republic citizens” and there were abundant resources unexploited in order not to cause a conflict between these two growing classes (Keyder, 2005: 132).

The percentage of the bureaucrats in the National Assembly may be presented to show their power. The ratio of the military-civil bureaucrats in the national assembly of the republic in 1923 and 1927 was 54%. This ratio was 59% and 62% in terms of the Council of Ministers. (quoted from Frey by Makal, 2001: 73). Regarding the salaries of the public servants, there was an increasing tendency between 1923 and 1937 (Makal, 2001: 73). Therefore, financial power

of the bureaucrats, which would reach to the peak point, especially during the *étatist* era, increased in the liberal era.

4.1.1.2. ÉTATISM: 1930-1938

4.1.1.2.1. Economy

Because of the 1929 Great Economic Crisis, the liberal role of the state was changed to *étatism*, whose basic features were protectionism and interventionism as put forth by Boratav (2007: 59). According to Boratav (2007: 60), this was the reversal of the economic trend based on liberalism starting from 1908.

TABLE 59: Summary of 1930 – 1938					
	Yearly Average Increase (%)			% GDP	%
Period	GDP	Agriculture	Industry	Investment	Export/Import
1929-1935*	3.2	-1.3	17.1	10.1	105.2
1935-1939*	11.6	15.6	11.0	10.1	113.1
Role of the State			Protectionist, and Interventionist for Industrialisation		
Structural Factors			1929 Great Economic Crisis		
Voluntaristic Factors			“Mild <i>étatism</i> ”		
Centre-Local			Local Governments as the Agent of the Centre		
Local Government Preference			SPA		
Provision of Public Service			Public		
Functions of Local Administration			Extended		

Source: *Kazgan, 2004: 75.

Boratav (2007: s. 63-64) explains the impact of 1929 crisis as follows: Decrease in the prices of exported raw materials would pave the way for narrowing the import capacity. This might give rise to low consumption volume and lower living standards. The reduction in export revenues might not be covered by foreign capital mobility because of the great economic crisis. In that

imported industrial goods were cheaper, there was no motivation to promote domestic industrial production. Under these circumstances, the state protected the domestic economy via customs and controlling the imports. Apart from this protectionist policy, the state assumed the responsibility of import-substitution industrialisation symbolized with three “whites”: flour, sugar, and cloth. As for political-subjective reasons for choosing *étatisme*, the multi-party democracy attempt urged the Republican People’s Party to support “mild *étatisme*” to differentiate itself from the newly founded Liberal Party. The new republic implemented one of the first economic (industrial) programs in the world after the USSR (Aydemir, 1995: 370). The first five-year industrial plan in 1934 was based on examinations of Soviet experts between 1930 and 1932 (Aydemir, 1995: 370fn). The plan (Tokgöz, 1999) gave priorities to industrial establishments which were to produce domestic basic raw materials domestically, to the projects which necessitate big capital and further technology, and to founding capacities whose level were adequate to cover domestic consumption. The task was assigned to Sümerbank (Aydemir, 195: 370), so Sümerbank became the main tool (along with Etibank) for the implementation of *étatisme* in Turkey during this period. That’s why in this study Sümerbank was considered the “symbol institution” (or “typical” institution as Tokgöz (1999) would say) of the era. Indeed, Turkey achieved one of the highest industrialisation growths in the world between 1929-1939 in the world after the USSR (Kışlalı, 1994: 47). With the enthusiasm and success of the first industrial plan, Turkey wanted to continue to introduce a second industrial plan which would have transformed Turkey into “colourful industrial garden” as Aydemir (1995: 371), then head of the industrial department, says. However, as Aydemir explains (1995: 371), because of the forerunners of the 2nd World War, instead of a five-year plan, Turkey prepared a four-year plan which was hardly implemented. Eventually, just three months before the war, Turkey had to suspend the industrial plan, and instead substituted an “economic defence plan.”

4.1.1.2.2. Political Power

TABLE 60: Governments in étatist era
6 V. İnönü government (27.09.1930-04.05.1931)
7 VI. İnönü government (04.05.1931-01.03.1935)
8 VII. İnönü government (01.03.1935-01.11.1937)
9 I. Bayar government (01.11.1937-11.11.1938)
10 II. Bayar government (11.11.1938-25.01.1939)

Source: <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

After the crisis broke up, in the fifth İnönü government program (1930), it is possible to see reflections of moderate *étatisme* especially in terms of dock affairs. In this program, there was also a promise for the improvement of bureaucrats' welfare related to their salaries. Nevertheless, that was not the case for the next year's government program (1931) which included bureaucrats in the budget saving measures. Cadre numbers were diminished from 102,314 in 1930 to 89,845 in 1931 (Öner, 2005: 511). Furthermore, İnönü imposed a tax on salaries of the public servants which was not the case during 1929-1931 (Aslan, 2005: 261). It shows that the power of bureaucrats could be challenged by the growing merchant classes. Nevertheless, as Boratav and Makal put forth, public servants did not experience real revenue loss. (See the next subsection.)

The last two governments before the 2nd World War were formed by a liberal wing political figure, Celal Bayar, in the RPP. In terms of reorganisation of the administration, the focus was placed upon municipalities. According to the government program (1937), municipalities would prepare a five-year working plan and necessary measures would be taken to increase their revenues. Indeed, in 1938, local governments' revenues were increased in terms of both the central budget and the GNP ratio. (See centre-local relations section below.)

Unlike İnönü, Bayar (Government Program, 1937) underlined the fact that the RPP were not autarkic and that these policies were being followed temporarily under current economic conditions. For example, Bayar said that the clearing ratio was nearly 90%, but this would be changed once the conditions changed. Furthermore, if individual capital was not enough or could not enter into a business, the state would be responsible for facilitating the growth of individual capital. Nevertheless, according to Bayar, the national merchant was the one who wanted to increase national production, taking part in the great economic development war instead of maximizing his profits. Because of the so-called divergence with İnönü, Bayar seems frequently in need of referring to Atatürk to legitimize his position. This characteristic of Bayar precedes post-war liberal RPP governments.

4.1.1.2.3. Politics - Administration

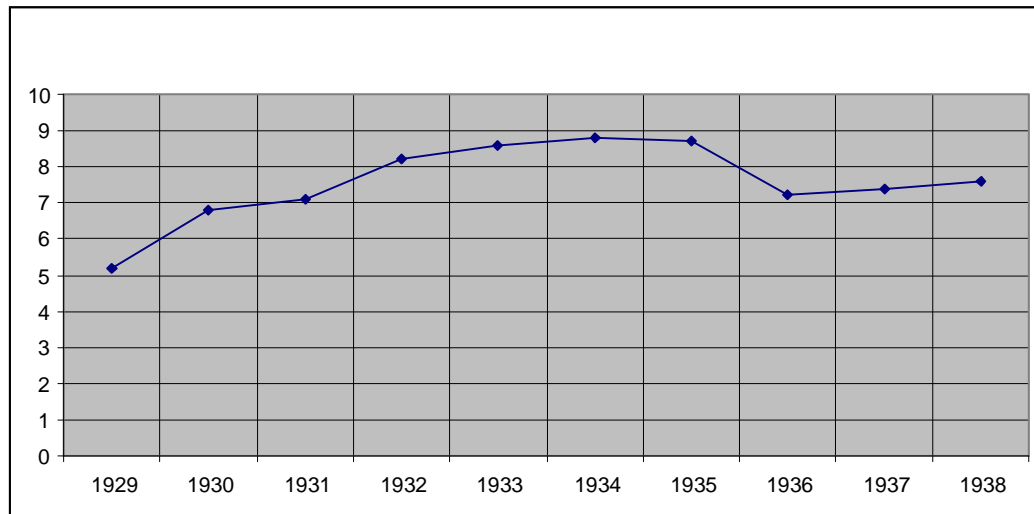
Étatism in the economy came along with the great economic crisis. It also corresponded to the “self-confidence” era. According Keyder (2005: 134), in 1929, the bureaucracy felt strong enough to abolish the Law on the Maintenance of the Order.

Influence of the bureaucrats increased both in the administration and the economy. In the administration, a one party administration was formalized in 1931 RPP program. Thus, *de facto*, the party organisation overlapped with the administration. It became *de jure* in 1936, when general secretary of the party became the prime minister, and provincial presidents became the governor of the corresponding provinces (Keyder, 2005: 137, 139).

When considering the ratio of the bureaucrats in the National Assembly, and the Council of Ministers, in 1931 and 1935, we see bureaucracy domination.

In 1931 the ratio was 45% in the National Assembly and 60% in the Council of Ministers. In 1935, it increases to 48% and 70%, respectively.

FIGURE 11: Public Servants' Salaries / GNP



Source: Boratav (2007: 73)

As for the growing influence of bureaucracy in the economy, there are several aspects to mention. Salaries are one variable to show bureaucrats position in the economy. As was said before, there was no tax cut in the salaries between 1929-1931. Despite of the fact that the no-tax policy in salaries had been followed until 1931, only for two years; a zero percent pension tax fund payment from the salary policy continued until the end of the 2nd World War to 1945 (Aslan, 2005: 207; 260-261). According to data given by Boratav (2007: 78) there is an increase tendency between 1929-1934, and 1936-1941. Keyder argues that the salary increase was the only tool to create demand, and social policies were merely related to public servants (Keyder, 2005: 147).

Apart from salaries, bureaucrats were dominating the economic area. Between 1931 and 1940, 74.2% of the firms were founded by the bureaucrats. In terms of İş Bank executive board membership, all of the 13 members were also

members of parliament. Therefore, it became blurred to differentiate bureaucrats/politicians and top industrial bourgeoisie (Keyder, 2005: 147-149).

4.1.1.2.4. Centre - Local Relations

Centre-local relations will be analysed on the basis of three variables. 1. *Étatism*, 2. preference of SPA/municipalities, 3. revenues

According to Şengül (2001: 102-103), *Étatist* centralisation strategy was being supported by the emergent nation-state, especially during the 1930s. Indeed, centre-controlled economic investments promoted the centralisation efforts. However, that does not necessarily mean that local powers were subordinate or lost out. Dual structure is stated by Şengül (2001: 103) as implying that while big business was being represented by the centre, local entrepreneurs were represented by local governments. Nevertheless, not surprisingly, functions and power of the local states were rather restricted in the fields such as garbage collection transportation, maintenance and repair of roads. These fields were related to the infrastructure which was needed for the improvement of big capital. With the 1930 Municipality Law, municipalities assumed three important functions according to Güler (1998: 138-141): 1. Maintaining order within municipalities (including disasters and environmental health). 2. Reproduction of labour (including physical conditions such as accommodation, housing, education, etc.) 3. Contribution to capital accumulation (including urban planning). Nevertheless, not surprisingly, political and fiscal powers of municipalities were rather modest. This is the period in which the new born nation-state followed an *Étatist* centralisation strategy. As a difference between the Western experience, Güler (1998: 142) puts forth that local governments in underdeveloped countries such as Turkey have tried not to reduce the social welfare under the “minimum” level, instead of increasing social well-being which has been case in developed countries like Britain.

Étatist economic policy in Turkey took place especially at the beginning of 1930. Falay (2002: 556) puts forth that during the Third Congress of the RPP in 1931 *étatist* strategy was connected to local government understanding as follows: The first point at stake is related to nationalisation of foreign capital owned public services. After this first step of nationalisation, these services would be given to the municipalities. This strategy was put into practice as of 1932. The second strategy was related to the functions and powers of the local governments. In line with the “populism” principle, each locality should be constructed as the example of “public health, cleanness, beauty and modern culture.” The final point was related to party-state equalisation which caused overlapping positions among party-central and local administrations.

As is seen, these points are related to the instrumental character of localities. In this context, the role of SPA can be understood better. Since, the governor is the head of the SPA, and the governor is the member of the RPP, the increasing role was given to the SPA, instead of municipalities. As Güler (1998: 156) argues, duties and structure of SPAs made them mostly the representative of the centre at the local level. “Thanks to this structure, combined with the compromise with big land owners who could take seat in the assemblies, Centre could orient localities in the direction that it wanted.”

After the 1929 crisis, own revenues of municipalities reduced 11.56%. The reduction came along with 7.37% decrease in transfers from the centre. In 1933, due to nationalisation of foreign private sector enterprises, own revenues of the municipalities increased 17.29%. Central transfers also increased 9.17%. (Çınar and Güler, 2004: 51-59) When examining the *étatist* period as a whole, local government revenues as a share of the general budget decreased in favour of the central budget which shows that central government overshadowed local governments in terms of their revenues.

4.1.1.3. SECOND WORLD WAR

TABLE 61: Governments During the Second World War
11 I. Saydam government (25.01.1939-03.04.1939)
12 II. Saydam government (03.04.1939-09.07.1942)
13 I. Saraçoğlu government (09.07.1942-09.03.1943)
14 II. Saraçoğlu government (09.03.1943-07.08.1946)

Source: <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

Turkey experienced the 2nd World War period under the leadership of two prime ministers, Refik Saydam and Şükrü Saraçoğlu. During this era, Turkey experienced economic difficulties of the war, although it did not participate in the war. Almost one million productive population, that is peasants, were mobilized into the army, and half of the budget consisted of defence expenses. As put forth by Boratav, these two prime ministers followed two different economic policies. While Saydam preferred to keep the prices under control, Saraçoğlu left the prices free in order to overcome the black market problem. Nevertheless, that does not necessarily mean that Saraçoğlu preferred liberal economic policy instead of *étatisme*. In his government program, Saraçoğlu criticized liberalism. According to Saraçoğlu's government program (1942), "information of life" against "liberal economy science" teaches that a country which lacks production of general and extensive necessities could easily be under the influence of foreign countries.⁷¹ That is why it is not possible to follow liberal economy science proposing specialisation in the international arena. In line with this understanding, the RPP continued *étatiste* policies with special reference to Etibank, which held *étatisme* as vital according to the program. Since there were a lot of places left for individualism and cooperatives, there would not be any "benefit clash" between the state and the individual.

⁷¹ This may be read as the critique of Marshal Plan of the future who wants Turkey to specialise on agriculture, instead of industry.

This era seems to offer the first example of dissolution of compromise between bureaucracy and the bourgeoisie (Keyder, 2005: 157). The black market economy was criticized by those industrialists who could not benefit from it. Then the RPP searched for the “guilty” and found a solution with “*varlık vergisi*” (wealth tax) in 1942. That was the end of the beginning for the dissolution of the compromise. The second fatal strike was land reform proposed by the RPP for the landless peasants (Keyder, 2005). Although the wealth tax mostly benefited Turkish tradesmen, it showed that it was not possible to rely on the RPP for the protection of private property. The second policy was reacted to by big land owners. Both policies not only paved the way for the dissolution of the bureaucracy-bourgeoisie compromise, but also led to Democrat Party political leadership in the 1950s.

That was the sign of the decrease of power of the bureaucrats. From 1941 to 1943, public servants lost almost half of their economic power since the share of their salaries went down from 10% to 5.3%. In 1945, the salary level could catch up with the pre-war level (Boratav, 2007: 89). Despite salary increases by the governments in 1939, 1942, 1944 and 1946, real salaries of the public servants were reduced by approximately 50% due to the war economy. This was not special only for public servants, but also for real wages in manufacturing (42.21%) and agriculture (58.43%) (Makal, 2001: 77).

4.1.2. LIBERALISM: 1946 - 1953 AND AFTER

4.1.2.1. ECONOMY

The role allocated to the state continued until the 2nd World War. During the 2nd World War, the Turkish economy experienced negative growth rates. Although Turkey did not enter into the war, due to the mobilisation of Turkish citizens, the production rate diminished considerably. After the war, relations

between Turkey and the USSR deteriorated and Turkey approached the USA promoting reconstruction of Europe, including Turkey. The 1946 devaluation is crucial in this context of integration efforts of Turkey to the West, especially to the USA (Küçük, 2003). These developments gave signs for the change in the form of the *étatist* role of the state.

TABLE 62: Summary of Some Indicators for 1950-1953					
	Yearly Average Increase (%)			% GDP	%
Period	GDP	Agriculture	Industry	Investment	Export/Import
1950-1953*	11.3	12.2	10.5	11.3	61.9
Role of the State			Non-Protectionist, Interventionist for Private Agriculture, and Externally Dependent		
Structural Factors			2 nd World War, USSR Threat, USA Aids (Truman doctrine and Marshall Plan)		
Voluntaristic Factors			Vaner Plan and Democrat Party		
Centre-Local			Decentralisation Tendency		
Local Government Preference			Municipalities		
Provision of Public Service			Contracting-Out		
Functions of Local Administration			Social Functions Delegated to the Centre		

Source: *Kazgan (2004: 93)

The year 1946 was the turning point regarding the former role of the state comprehension protecting the domestic economy against foreign interests. Aydemir, who could not implement the second industrial plan because of the war, prepared another industry plan supporting *étatisme*, external independence, and industrial development. This *étatist* plan was rejected by the USA. Instead, a new plan based on American priorities was prepared (Turgut, 1991: 134; Kepenek and Yentürk, 2003: 91-94).

In order to be able to receive Marshall Plan Aid, there were some conditions regarding the economy and production (Kepenek, 1993: 31): 1. Agricultural investment, rather than heavy industry. 2. Focus on highways, rather than railways. 3. Liberal trade policy, rather than protectionism. 4. Private capital

orientation, rather than state. These conditions shaped the role of the Turkish state in the economy which was different than before 2nd World War. Turkey received 100 million dollars in military support between 1947 and 1948. Later on, between 1948 and 1952, 175 million dollars of direct and 176 million dollars of indirect credit was received (Tokgöz, 1999) from the Marshall Plan.

Indeed, under the Democrat Party reign, these “American” priorities were followed. The yearly average increase of agricultural growth during 1950-1953 was more than industrial growth. Secondly, Democrat Party (DP) government favoured highways instead of railways. (This trend was continued with planning era of 1960s and so forth.) Railway construction increased only 3%, when compared to 23% in highways. (My own calculation from DPT, 2006) Thirdly, the 1950-1953 era was the liberal period in terms of protectionism. Finally the main priority was the private sector for the Democrat Party. That is why, according to Tokgöz (1999), the “main institution of the neo-liberal era was Turkish Industrial Development Bank” (the TSKB) whose general director was an American, and his deputy was Bülent Yanıcı who came from İş Bank. The “symbol institution” of the era was not the “public” institution, but it took great support from the both political and bureaucratic authorities. Indeed, the TSKB “was established in 1950 with the support of the World Bank, the Central Bank of the Republic of Turkey and the leading commercial banks of Turkey” (tskb.com.tr). Promotion of the private sector was being done through this institution.

The State Economic Enterprises’ main aim was to promote private sector development (Kepenek, 1993). Although the recently established Democrat Party supported liberal policies of a minimal state, the DP could not sell state economic enterprises. As Tokgöz (1999: 125) mentions, the DP considered SEEs necessary for the employment of their relatives and proponents. Furthermore, DP-

dominated provinces and allegiance to the DP were influential factors for the territories in which factories were to be established.

Until 1954, the DP experienced the most successful years regarding the growth rate. However, this growth was not sustainable due to its external dependence. According to Turgut (1991: 186), suitable external conditions deteriorated in 1953, and the government chose to turn back to domestic market industrialisation and control external trade via protectionist policies.

4.1.2.2. POLITICAL POWER

TABLE 63: Post-War, the RPP
15 Peker government (07.08.1946-10.09.1947)
16 I. Saka government (10.09.1947-10.06.1948)
17 II. Saka government (10.06.1948-16.01.1949)
18 Günaltay government (16.01.1949-22.05.1950)

Source: <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

The Recep Peker government (Government program, 1946) put the objective of participating to trade with free foreign currency, and of benefiting from private initiative and capital. The thesis of the impossibility of conflicting benefits between the state and the individual supported by Saraçoğlu (Government program, 1942), was taken one step further by Peker, and the state-private partnership was underlined with the promise of hindering the state interference into the areas where private sector could blossom. Despite a relatively strong focus on private capital, the Peker government (Government program, 1946) did not reflect USA ideologues reports' proposals. An increase in public servants' salaries was included in the program. Peker mostly focused on audit (i.e. establishment of "general inspectorate" affiliated to the prime ministry)

and deconcentration (i.e. increase in the revenues of local governments, and deconcentration of powers to the governors are among some of the policies). Although during 1946-1947 there was no increase in the local governments when compared to 1945 level, the share of the Special Provincial Administrations (SPA) was higher than municipalities for the last time in Turkish history in line with deconcentration policy of Peker. Peker urged the private sector to go into water and canalisation business with “İller Bankası” (Bank of Provinces).

At the end of 1947, political power turned its direction completely to the private sector and to the USA. Administrative reform proposals influenced by the Marshall plan, thus the USA, priorities. Indeed, in the government programs (1947), foreign expert reports were cited as necessary documents to benefit for the administrative reforms. In terms of foreign credits, the government’s position was quite clear: “There is a need for foreign credits.” Unlike Peker, there was a critique of the share of the salaries in the central budget, and the number of the public servants. “Rationalisation” in public administration meant more private sector, more foreign credit, less bureaucracy oriented policies. Şemsettin Günaltay followed these policy orientations. Thus, post-war government programs, especially after the Peker government, receded from *étatist* policies. These policies show that Democrat Party power was not a break with the past RPP policies. Nevertheless, even in the last Günaltay government program (1949), there were five-year plan and program proposals on agriculture and mining. Ideas about “planning” would be suspended during the 1950s with the Democrat Party.

Boratav (2007: 98) puts forth that 17 November 1947 the RPP general congress was “the moment when new orientations were intersected.” It seems that government policy change was reflected to the general congress of the RPP and became formalized. According to Boratav, after this date, reformist and democrat parts within the party were left ineffective. On July 4th, 1948, Turkey

signed a 10 million dollar credit agreement with the USA. Reactions of both the RPP and the DP were positive (Ören, 2006: 80): RPP was happy because it thought that it was seen as a sign of approaching “contemporary civilisation”. DP was happy because social classes and big land owners that it represented would be able to integrate themselves with international capital.

TABLE 64: Menderes Governments		
Rise	Decline	Collapse and Crisis
I. Menderes government (22.05.1950-09.03.1951)	III.Menderes government (17.05.1954-09.12.1955)	V. Menderes government (25.11.1957-27.05.1960)
II. Menderes government (09.03.1951-17.05.1954)	IV. Menderes government (09.12.1955-25.11.1957)	

Source: <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

According to the Menderes government program (1950), 14 May election was the victory day of Turkish democracy when the “oppressive, totalitarian, and uncontrolled” administration was overthrown. In line with this bold critique, the main commitment was to democratize the administration. The main method to be used was to renounce “interventionist capitalist, bureaucratic and monopolistic” state type, and substitute “private initiative.” However, the private sector was reluctant to make an investment; therefore the state had to invest from the budget. During the reign of the DP, private investments could not exceed one percent, and between 1950 and 1954, total investments increased 256% (Zürcher, 1993: 327). Thirty-nine of 93 public institutions were established between 1946 and 1960 which corresponds mostly to the DP era. (quoted from TODAİE, by Makal, 2001: 61). During the DP reign, the number of SEEs increased. However, with a certain function shift the DP opened the way for SOE support directly to the private sector (Kepenek, 1993: 33). Public revenues were used for the private sector and Central Bank resources were used to finance economic growth. Only in 1958, could treasury limits of advanced payments be reduced (Günel, 2001: 56).

What is interesting is that Menderes stated in his government program (1950) that this lowering the share of the public would be “in a certain plan.” However, Menderes neither had a plan, nor could he have achieved a minimal state.

The Menderes governments implemented USA priorities as was explained in the economy subsection. Reflection of this state policy was “rational⁷² arrangement of public services.” Public servants were a crucial part of this rationalisation. In the government program, Menderes asserted that “today public servants have perfect democratic mentality” as opposed to those who were cultivated “according to totalitarian administrative necessities and requests” (government program, 1954). This government presumed that most of the “old minded” bureaucrats would be purged. Indeed, in 1954, “necessary measures” were taken by Menderes. All public servants who had worked for 25 years were forced to retire. This law was also related to judges and professors, and was completing the political domination process of the DP (Zürcher, 1993: 335). The DP, which criticized the RPP as being a “state party”, wanted to establish a “party state” (Özdemir, 2000: 229).

In accordance with the critique of the RPP administration as having “lack of national and political control,” Menderes focused on auditing under the structure of the Ministry of Labour. It seems that Menderes, who could not diminish the role of the state in the economy, wanted to control it. Stress on construction led to the establishment of the Ministry of Construction, and foreign credits leads to the establishment of Ministry of Coordination. Finally, as to local governments, revenues would be increased. However, their revenues and accounting organisation would be moved to the Ministry of Finance. It meant that despite the fact that there would be an increase in the local governments’

⁷² The term rationality was used before by the Bayar and Günaltay governments, which were the “liberal wing” of the RPP.

revenues, local governments would be under the control of the centre. Indeed, during the DP era, the decentralisation tendency regarding their revenues was a common trend.

Towards the end of the third Menderes government, opposition to the DP was not only coming from the RPP, whose assets were transferred to the Treasury by the ruling government in 1953, but also from a clique inside of the DP. Those who were opposing the DP left and founded the Freedom Party and after the elections joined the RPP. In his government program (1954), Menderes was criticizing the political meetings held against his government. He called these four years (1950-1954) as a “transition period”. From then on, “destructive and anarchic” actions would be prevented according to Menderes. These were the signs that the DP was shifting to having authoritarian tendencies (Zürcher, 1993: 336).

The fifth government and especially the 1958 crisis was the beginning of the end of the DP. Apart from the proper function of the administration, “public order and peace” was at the top of the agenda in the government program (1957). Economically, price control would take place with the re-introduction of the National Protection Law. However, the 1958 crisis and stability program of the IMF stopped the implementation of the law (Akşin, 2000: 218).

4.1.2.3. POLITICS - ADMINISTRATION

Salaries of public servants continued to worsen. Share of the salaries in the GNP were reduced from 8.3% in 1945 to 6.6% in 1953 (Boratav, 2007: 103). Between 1947 and 1960, real salaries went down approximately 25%⁷³ (Makal, 2001: 79). Unlike the war era, reduction of salaries happened despite the fact the

⁷³ According to the first five-year development plan, salaries of the public servants were reduced by approximately 22%, which verifies the counting of Makal (DPT, 1963: 49).

GNP growth was positive (Makal, 2001: 79). According to Keyder, these were the signs that bureaucracy would be obedient to the bourgeoisie (Keyder, 2005: 176). Indeed, private sector development was the case in the post-war era. According to research conducted in 1961, 59.7% of the private initiatives established after the Second World War (Quoted from Payaslıoğlu by Şaylan, 1974: 83). Representation of these classes was doubled in the National Assembly from 16% in 1946 to 40% in 1950 (Quoted from Frey by Şaylan, 1974 : 83).

Party-state equalisation in the one party era changed form. The party wanted to dominate bureaucracy (Zürcher, 1993: 322). However, according to Turan (2003: 126), the main mistake of the Democrat Party was that its leaders could not understand the fact that obedient bureaucracy in the one party era was not possible in the multi-party era since it was the specific character of the party-bureaucracy equality. Nevertheless, the DP tried to purge the “old-minded” bureaucrats by forcing them to retire: Obligatory retirement of those public officials who had worked for 25 years was an important part of this strategy. Domination by the DP had reached to such a level that İnönü was not let by the governor of Balıkesir enter into the city in September 1952 (Zürcher, 1993: 324). The “purge movement” was committed in the army as well; however membership to NATO enabled the army to improve its technology and expertise. The army was planning opposition to the DP towards the end of the 1950s (Zürcher, 1993: 347).

4.1.2.4. CENTRE - LOCAL RELATIONS

In the post-World War II period, especially after 1948, decentralisation was being followed in terms of local government revenues. In 1948, the Law on Local Government Revenues was introduced. This process was accelerated in the Democrat Party era. According to Tekeli (1992: 42), especially reconstruction in İstanbul and Ankara started in 1956 triggered the revenue increase. Furthermore,

Tekeli maintains that expropriations in favour of municipalities promoted by central politicians also increased the revenues. As can be seen from the table, during the post-war era, including especially the DP government, the average of local government revenues increased both as a share of general budget and GNP.

TABLE 65: Local Government Revenues (1946 - 1960)				
	(M + SPA) / GB	(M + SPA) / GNP	M / (M + SPA)	SPA / (M + SPA)
1946	18.47	2.86	45.92	54.08
1947	14.46	3.12	46.38	53.62
1948	14.78	2.33	57.47	42.53
1949	16.21	2.97	60.97	39.03
1950	16.91	2.53	61.22	38.78
1951	18.17	2.63	64.38	35.62
1952	na	na	na	na
1953	19.64	2.94	61.44	38.56
1954	20.53	3.19	66.86	33.14
1955	17.82	3.07	66.04	33.96
1956	19.41	2.99	65.86	34.14
1957	21.70	3.01	67.88	32.12
1958	18.43	2.60	72.72	27.28
1959	17.71	2.67	76.63	23.37
1960	16.18	2.48	66.06	33.94

Source: Güler (1998: 267)

The table shows clearly that the municipality share in local government revenues became greater than that of SPA after the 1948 Law on the Revenues of the Municipalities was enacted. Nevertheless, the function of the municipalities was rather relegated to infrastructure, rather than social-welfare functions such as health and education (Güler, 1998: 173). According to Güler (1998: 164) a new structure was built on big land owners and a heavy industry and trade compromise. On the one hand, the capital accumulation process was based on foreign aid, borrowing and capital; on the other hand functions of the municipalities were reduced to infrastructure, instead of health and welfare functions. In line with the role of the state, municipalities fulfilled public services mostly via “contracting out,” instead of state provision (Ersöz, 2001: 44).

4.1.3. 1960 - 1980: IMPORT-SUBSTITUTION

4.1.3.1. ECONOMY

TABLE 66: Summary of Some Indicators for 1963 - 1976 period					
	Yearly Average Increase (%)			% GDP	%
Period	GDP	Agriculture	Industry	Investment	Export/Import
1963-1967*	6.7	3.7	10.6	16.2	68.1
1968-1972*	6.6	3.6	9.9	19.3	62.2
1973-1976*	7.0	3.3	10.0	21.5	37.0
Role of the State			Planner, Protectionist, Import-Substitution Oriented, Interventionist for Private Industry, and Externally Dependent		
Structural Factors			1958 Inflationary Crisis, Fiscal Disequilibrium, Growing Debts; Threat of Communism, the WB Tolerance of Planning		
Voluntaristic Factors			State Planning Office		
Centre-Local			Centralisation Tendency		
Local Government Preference			Municipalities		
Provision of Public Service			Public		
Functions of Local Administration			Mostly Delegated to the Centre		

Source: *Kazgan (2004: 93)

The 1958 economic crisis paved the way for planning economy of the post-coup era in the 1960s. As Kepenek and Yentürk (2001: 142) put forth, not only domestic industrialists, but also international organisations were in favour of planning, although they had different motivations. As for domestic industrialists, national industrial capital was the least developed capital class, despite their organized and effective structure. So they wanted more capital resources. As to international organisations, as is seen in the first encounter with IMF in 1958, growing foreign debt was a problem for Turkey. Those who provided Turkey foreign debt, wanted to see Turkish economy organized on the basis of a plan for the sake of a credible and open environment. Although this planning period

aimed at supporting the industrial bourgeoisie, the import-substitution model considered wages as part of the domestic “demand element that promotes reproduction process for capital” (Boratav, 2007: 124). Thus, populist distribution policies were implemented with extensive social and political rights.

According to Boratav, the main feature of this era is “planning.” As will be indicated in the following section, the State Planning Office would be held responsible for preparing five-year development plans. As of 1963, the state began to plan its investments with five-year development plans. Although it had similarities with the 1930 era, and the 1954-1961 period, distribution of investments and sector preference is different. Common consumption goods’ production that began in the 1930 era were nearly completed in 1954-1961 period. Thus, the post-1960 era promoted durable consumption goods, which are different from “three whites” mentioned before. Finally, import-substitution policy was oriented towards intermediate goods.

4.1.3.2. POLITICAL POWER

Though defining itself as a “revolution government,” 1960 military government did not introduce systematic principles regarding administrative reform in their program (Government program, 1960). Nevertheless, the Cemal Gürsel government prepared a new constitution and organized a committee to work on the administrative reform.

The main principle of the administrative reform that appeared in the government program (1960) was “neutrality”. There is a specific reference to old DP administration as a bad example in employing this principle: “It is one of the first conditions (...) to purge partisan administration” of last 10 years comprising 1950-1960. The critique also mentions State Economic Enterprises as “domestic politics tool” of the past ruling party which turned these economic institutions

into “non-economic” entities. Reorganisation measures include financial and administrative control. As a reaction to the past 10 years, that is the 1950s, Central Bank resources would not be used for the SEEs.

TABLE 67: Governments of 1960 - 1971 Era
24 I. Gürsel government (30.05.1960-05.01.1961)
25 II. Gürsel government (05.01.1961-20.11.1961)
26 VIII. İnönü government (20.11.1961-25.06.1962)
27 IX. İnönü government (25.06.1962-25.12.1963)
28 X. İnönü government (25.12.1963-20.02.1965)
29 Ürgüplü government (20.02.1965-27.10.1965)
30 I. Demirel government (27.10.1965-03.11.1969)
31 II. Demirel government (03.11.1969-06.03.1970)
32 III. Demirel government (06.03.1970-26.03.1971)

Source: <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

4.1.3.2.1. Administrative Reform in the First Four Development Plans

Since, the administrative reform process was mainly based on five-year development plans, analysis of first four plans (DPT, 1963; DPT, 1968; DPT, 1973; DPT, 1979) will be necessary to understand the administrative reform comprehension during import-substitution era. First of all, economic development is directly related to reorganisation of administration, thus administrative reform. The main areas of reform in the first four plans are as follows: Central government organisation, local governments, SEEs, and personnel administration. Only in the last two areas of reform, could studies reach the level of “Law”, 440 and 657 respectively. The plan itself notes that studies remained inadequate and unimplemented. The first three plans, did not

even achieve half of their commitments (Tan, 1981: 152). Apart from inadequacy of the studies, for example new ministries were established without making reference to the studies conducted.

TABLE 68: Principles of Gulick and Fayol and Its Echo in the 1st Plan	
	1st Plan
Gulick	
Planning	a
Organising	a, b
Staffing	c
Directing	e
Coordinating	a, f
Reporting	h
Budgeting	d
Fayol	
Planning	a
Organising	a, b
Coordinating	a, f
Commanding	e
Controlling	g, h, d

Another dimension in the first four plans is the administrative theory comprehension of the classical management school. POSDCORB of Gulick and Urwick, or POCCC of Fayol seems influential in the preparation of the plans and administrative reform reports such as MEHTAP: “All in all, the Commission had a POSDCORB (...) perspective. (...) General tendency was centralisation and short span of control. The values that guided the reform effort were control, and efficiency” (Heper and Berkman, 1979: 310). For example, first five-year plan reflects perfectly the understanding of POSDCORB as depicted in the table below. This is the case also the for other first four plans.⁷⁴

As for local governments, the fourth plan proposes a different approach than the other plans: Integration of economic administration and public administration level. According to the report, local problems became regional

⁷⁴ Only the principle of directing or commanding is missing in the second and third plans.

problems; therefore, it was not possible to solve the problems with reference solely to the district and provincial level.

Administrative integrity is important for all plans, but especially for the third and fourth plans. It is stated that there are many public agencies that do not even have an establishment law. Another critique is related to the ministries that, they do not pay attention to the plans. “Unresponsiveness to the plan” is the terminology used for this kind of critique.

Despite the law on public servants, there are still problems according to the fourth plan. i.e., responsibility may clash with job security; it is slow for young officials to promote higher levels, and efficiency problem in general.

4.1.3.2.2. Administrative Reform in Government Programs

Now the implications of the plan’s comprehension of administrative reform in the government programs will be analysed. The İnönü government does not show a difference in terms of administrative reform mainly due to the fact that İnönü was attached to the first five-year development plan’s objectives. Just like the first five-year plan, the İnönü government saw administrative reform as a compulsory condition for economic development. “The most important tool to implement the plans was the state administration” (DPT, 1963: 79) according to the Plan. Indeed, İnönü seemed pleased with the pace of economic development implying that administrative reform was successful. It shows that administrative reform was embodied in economic development: “We accept the plan as a general framework for the government activity in every area” (Government program, 1963). That is why there was no need for elaborating upon administrative reforms in the government program. For example, the government program wanted to increase the revenues of the local governments. (See centre-

local relations in the next subsections.) The reason for that was not mainly related to democratisation, but rather the plan objectives.

Another conclusion of plan and administrative reform equality was to give priority to the ones in the Plan. That is why any other expenditure would be cut. For example, there were two conditions to increase the economic conditions of the public servants. The first was efficient and effective work, and the second, saving in the current public expenditures. İnönü added two behavioural dimensions to the principles of efficiency and saving: “Cheerfulness and mutual respect” (Government Program, 1963). As for State Economic Enterprises, rational functioning of them was suggested. By rational functioning İnönü meant, non-partisan administration which reduced red tape and did not hinder the private sector’s development. The İnönü era is the time when the SEE law was introduced with Law No 440 in 1964.

The Ürgüplü government, successor of İnönü, used the same administrative reform language as that of İnönü: Neutral, equal, politically unprivileged personnel system based on career, seniority and technical knowledge which were to be developed via inner-education (Government Program, 1965a). In line with these principles, Law No. 657 on public servants was introduced in 1965. Furthermore, the Ürgüplü government promoted the implementation of Law No. 440. As for local governments, there was a commitment to make them “completely autonomous.” Revenue increase was another promise which was directly related to this. Nevertheless, 1965-1967, including the Demirel governments, did not reflect such an increase.

Preparation and promulgation of the second five-year development coincided with the Demirel government. Despite the fact that administrative reform comprehension similarity continued, the degree of focus has some differences: Demirel started a struggle against red tape/bureaucratisation. It

meant reducing the influence of the centre and increasing the influence of the localities. Strengthening financial power of the municipalities, and Bank of Provinces were among the proposals. In terms of the SEEs, Demirel wanted to remove the ownership of them from the state gradually. Although Demirel was not against the comprehension of the “plan,” in the government program (1965b), he explicitly criticized any plan comprehension comprising *étatisme*. Thus, he underlined that the plan was acceptable on the grounds that it promoted private initiative under the name of mixed economy. Plans could not be compulsory for the private sector; it could only be a guide for them, according to Demirel. In line with the import-substitution era, social security and improvement of financial elements of the Law on Public Servants was among reform proposals.

It seems that Demirel had one of the most detailed administrative reform agenda in his government program (1969). It can be divided into four categories (in line with development plans): Central, Local, Personnel, and Economic. Regarding central administration, reorganisation of duties and responsibilities of the Prime Ministry, Council of Ministers and ministries are counted. Reducing red tape is another dimension of this reorganisation. In line with the plans, administration should be reorganized in order to achieve the objectives of the plans. As for the local level, there are both deconcentration and decentralisation dimensions. Delegation of power and the strengthening the power of the governors for the sake of being closer to the citizen is mentioned regarding deconcentration. Just like the central administration, local governments would be strengthened in order to realize the objectives of the plans. Regarding personnel administration, inner-education, the award and sanction system would be ameliorated. Finally as to economic administration, the financing system would be reorganized and SEEs would be made more rationally functioning.

4.1.3.2.3. Military Era Reforms (1971 - 1974)

As is seen in the previous section, administrative reform comprehension is mainly based on reorganisation of the public administration. This comprehension did not change in the 1970s.

After the memorandum of the military in 1971, four transition period governments were formed. The last government had to continue to its office in 1974 because after the elections, a new government could not be formed immediately. The military government presented itself as a “reform government,” which is similar to the “revolution government” in the 1960 military *coup d'état* government. The first military government was a technocrat government headed by Nihat Erim, former general secretary of the RPP. There are similarities among these four governments regarding the content of the reform. It is similar again that reforms could rarely be implemented.

TABLE 69: Coup Governments (1971 - 1974)		
Erim Governments (26.03.1971 - 11.12.1971)	Melen Government (22.05.1972 - 15.04.1973)	Talu Government (15.04.1973 - 26.01.1974)
-Land and Agriculture reform -National Education Reform -Financial Reforms -Law and Justice Reform - <i>Reorganisation of State</i> -Reform Related to Energy and Natural Resources	-Land and Agriculture Reform -Education Reform -Tax and Finance Reform -Law and Justice Reform - <i>Reform on State Administration</i> -Petrol and Mining Reform	-Land and Agriculture Reform -University Reform -Basic Education Reform -State Security Courts -Political Parties -Election Law

Source: (Government Program, 1971a; 1971b; 1972; 1973)

The main necessity of the reform was “non accomplishment of the compulsory structural and institutional changes” in the past and to “dissolve the tension between social structure and the state order,” according to Erim government program (1971). There were two phases of administrative reform

strategy of the Erim governments: The first phase was six moth-program. Within this six month, previously planned and developed reform proposals would be implemented. The long term strategy was the realisation of the third development plan. The strategy proves that there is not a break with the past, firstly because the third development program did not have a different approach regarding administrative reform. It is a fact that administrative reform was one of the main themes of the previous governments. With military intervention, it became accelerated. It is possible to put forth that neither economy policy, nor administrative reform was changed with the military intervention.

Development-reform equality was repeated and a higher level Advisory Committee was established in charge of administrative reform studies. It was supposed to give a quick pre-report to the Prime Ministry. The second proposal was to reorganize the establishment laws of the ministries. The third proposal was related to the reorganisation of the SEE in line with “profit, efficiency and modern management principles.” Fourthly, solely responsible for import and export would be a new ministry called “Foreign Economic Relations.” It is seen that not only the administrative structure was reorganized, but also role of the state in the economy in line with import-substitution era was strengthened.

After the Erim governments, because of the continuity of “*coup d’état* conditions,” a new government was formed, but this time with political parties. The main difference with 1960 is that the political party, which was exposed to *coup d’état*, participated in the coalition government. Secondly, this time involvement of the RPP in the coalition was criticized within the RPP and Bülent Ecevit resigned from his post as general secretary.

The Ferit Melen government (Government Program, 1972), as is seen from the table above, followed the same content of reforms. The only thing to be underlined here is “provision of speedy, effective, economic and quality public

service race” is among the one proposal regarding the administrative reform. This can be read after 1980 as a typical expression of new public management; however, in the context of the import-substitution era, it means “public management within the state,” instead of “outside of the state.” Stress on control and supervision is not only an expression of the classical management school, but also the centralisation tendency which holds deconcentration as an objective.

After the election of Fahri Korutürk as the president of the republic, the Naim Talu government was formed. This time, the RPP did not join the coalition. Furthermore, despite the fact that the RPP became the first party after the elections, since RPP could not form a government, the Talu government had to continue to his office. Talu defined his government’s mission as the complementation of the previous military government’s programs. Even in the coalition program, those reforms that have been done so far were listed. Additionally, it was stated that those reforms which could not be achieved so far, would be completed by Talu government. (Government Program, 1973)

4.1.3.3. POLITICS - ADMINISTRATION

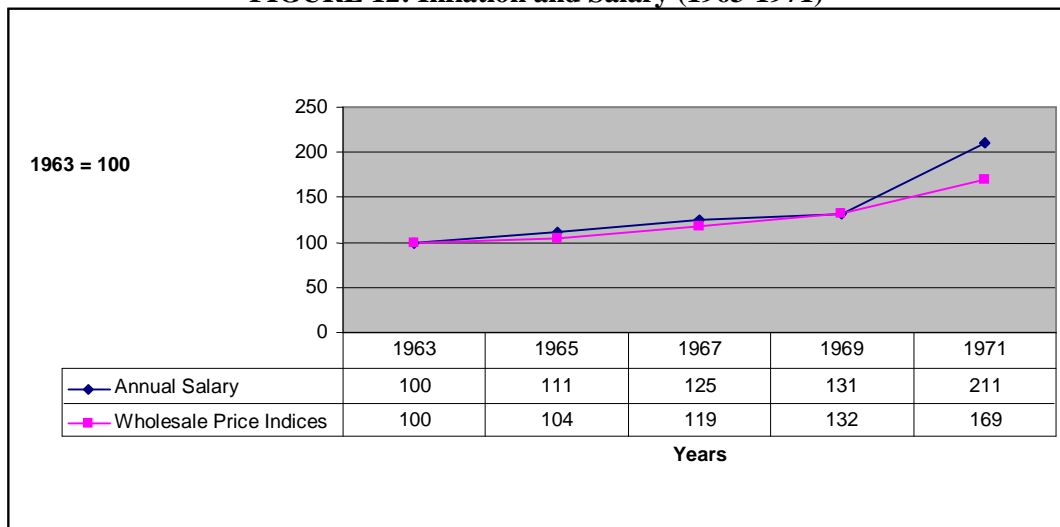
The 27 May 1960 *coup d’état*, began to “purge” civil-military bureaucrats who were not in line with the *coup d’état*. Military officers were discharged in what is called EMİNSU incident. Secondly, 147 academicians were dismissed. Although the decision taken in October in 1960 was withdrawn in March 1962, it caused dissidents even among those who previously supported the military coup, and triggered the isolation process of the National Unity Committee (Özdemir, 2000: 235-236).

Contrary to expectations, bureaucrats did not come to a dominant position although salaries increased during the era. This new status can be understood with “relative autonomy of the bureaucracy” according to Keyder. Indeed,

bureaucrats and technocrats expected to be in a privileged position. There were two attempts to construct the privileged position. One is the establishment of the State Planning Organisation which is the symbol institution of the era in 1960, and the second one was in the 1st Erim government in 1971.

Soldiers were critical of political figures. Thus, military bureaucrats had no trust in politicians. That is why the military officials wanted to establish a bureaucratic organisation (the SPO) with extraordinary powers. Nevertheless, despite bureaucrats' enthusiasm for being powerful, they were not interested in power which was beyond political power (Kansu, 2004: 61). Yet that does not necessarily mean that the SPO was not powerful. On the contrary, it emerged as the most powerful bureaucratic organisation among others. The SPO was powerful because the SPO could contact the Prime Minister at any time, and it had equal voting in the Higher Planning Council in which the ministers participated (Kansu, 2004: 159).

FIGURE 12: Inflation and Salary (1963-1971)



Source: (DPT, 1973: 667)

However, it was powerful so long as political power supported it. For example, the first clash with the Ministry of Finance resulted in the resignation of the first planners in the SPO (Kansu, 2004: 100, 111-112). It was Ziya Müezzinoğlu, Undersecretary between 1962-1964 and former Ministry of Finance official, who used to be critical of the SPO, who could diminish the clash of competences between the SPO and the Ministry of Finance up to a certain level (Kansu, 2004: 156).

In terms of salaries, the Planning era displayed a significant shift from the Democrat Party era in the context of the rising population of public officials and their salaries. The number of public officials in economically active population, increased from 17.91% to 19.73%. (DPT, 1973: 666) As to inflation and salary, contrary to the Democrat Party era, public officials' salaries increased above inflation.

According to data supplied by Tecer (1993: 19), in the post-1971 period, average net salaries began to fall vis-à-vis annual increase in the GNP. When taking the 1970 level as 100; in 1980 whereas the increase in the GNP per capita was 2117.5, the increase in the average net salaries was even less than half of the increase in the GNP per capita with 807.1. This trend would even be worse after 1983 as will be indicated in the next sections related to the 1980 era.

4.1.3.4. CENTRE - LOCAL RELATIONS

The post-1960 period showed that revenues were decreased considerably; especially in the 1970s. First of all, between 1961 and 1964, for the last time in Turkish history, SPAs had more than 40% in total local government revenues. Correspondingly, SPA revenues in comparison with general budget revenues, for the last time, went beyond 6 % between 1962 and 1964 when İnönü was taking office in the government as Prime Minister. Until 1965, local government

revenues were relatively higher when compared to second half of the 1960s, and they were relatively lower when compared to the Democrat Party era of the 1950s. Despite an increase in the own revenues of the municipalities, their share in the general budget decreased. It shows that, revenues of the municipalities were dependent upon the central transfers. Another important point is that the number of municipalities was 995 in 1960 and 1654 in 1975 (Tekeli, 1992: 42). Municipalities must have shared lesser total revenues because of the considerable increase of municipality number. There were mainly three reasons for the deterioration of financial powers of local governments. 1. Annulment of revenues of municipalities by constitutional court, 2. taking local governments' revenues from local governments' hands, 3. wage increases stemming from strong trade unionist policies (quoted from Gökaçtı by Uyar, 2004: 7).

Despite reduction in the revenues of local governments (Table 70), the 1970s were the years that the municipality movement emerged. Şengül (2001: 105-108) explains the developments of the 1970s as follows: During the 1970s, a kind of new formation represented by shanty/*bidonville* and informal sector those who felt excluded began to emerge. According to Şengül, “urban duality” paved the way for leftist radicalisation and the urban left movement to rise with the Republican People's Party. The RPP, which won nearly all of the metropolitan cities, centred upon urban populism, urban justice and equality discourse. Mayors were at the centre of the debates against municipality councils because these councils were being represented by local power groups. Another type of conflict experienced by the mayors was against rightist central governments. During these leftist mayors' era, public housing projects, education and health projects, public transportation projects such as the metro were all put on the agenda. This type of urban managerialism could only be sprouted during the 1970s in Turkey, whereas

it was experienced in the West after World War II. Local government⁷⁵ in Turkey became an alternative power focus as if it was part of the civil society.

TABLE 70: Local Government Revenues Between 1960 - 1979							
	M/GB	SPA/GB	M / (M+SPA)	SPA / (M+SPA)	(M+SPA) /GB	M Own	M Central
1960	11.01	5.65	66.06	33.94	16.66	51.61	25.67
1961	6.79	4.88	58.15	41.85	11.67	46.93	41.09
1962	10.11	6.78	59.88	40.12	16.89	48.82	43.17
1963	7.92	6.38	55.36	44.64	14.30	47.17	41.26
1964	7.94	6.59	54.66	45.34	14.53	50.29	41.46
1965	8.50	5.20	62.06	37.94	13.70	51.67	29.93
1966	8.41	5.09	62.33	37.67	13.50	55.76	25.68
1967	7.29	4.15	63.71	36.29	11.45	51.37	29.68
1968	8.16	5.22	60.99	39.01	13.38	55	26.86
1969	7.87	na.	na.	na.	na.	57.12	25.37
1970	6.48	na.	na.	na.	na.	55.86	25.2
1971	na.	3.36	na.	na.	na.	na.	na.
1972	na.	1.93	na.	na.	na.	na.	na.
1973	na.	na.	na.	na.	na.	na.	na.
1974	na.	na.	na.	na.	na.	na.	na.
1975	na.	na.	na.	na.	na.	na.	na.
1976	na.	na.	na.	na.	na.	na.	na.
1977	5.28	2.13	71.20	28.80	7.41	36.93	39.37
1978	na.	1.27	na.	na.	na.	na.	na.
1979	4.71	1.39	77.25	22.75	6.09	32.71	33.76

Source: (Güler, 1998: 267 - 268.)

4.1.4. ROLE OF THE STATE, ADMINISTRATIVE REFORM AND THE EU

Thus far, relations between economic crises - role of the state and administrative reform have been analysed. It is argued that economic crises change the role of the state. Political power, in order to stabilise crisis, pursues administrative reform. After these connections, it will be easier to relate the role of the state to the EU.

⁷⁵ Main principles of the new municipality movement were as follows (Tekeli, 1992: 88-91): 1. Democracy and freedom, 2. production, 3. regulation of the consumption, 4. unity and integration, 5. resource-creation.”

After the Ankara Agreement in 1963, when Turkey signed additional protocol in 1971, the EEC was about to complete the customs union phase. However, considering Turkey, there was a structural problem regarding the customs union. The role of the state was “protectionist” based on import-substitution, that is, the role of the state was in contradiction with the customs union.

The institutional reflection of this contradiction was the SPO which had the power to influence the relations between the EEC and Turkey thanks to political support of the government. The SPO was powerful both in the economy and international relations. This influence was sometimes causing problems between the SPO and the Ministry of Finance in the economy⁷⁶, and the Ministry of Foreign Affairs in the EEC relations. It was the SPO that tried to delay the signature of the additional protocol despite the efforts of the Ministry of Foreign Affairs. Turkey signed Ankara Agreement in 1963, which came into force at the end of 1964. The Ankara Agreement was foreseeing a five-year preparatory era until the signature of additional protocol whose aim was the customs union. An additional protocol was signed in 1971 and entered into force in 1973. That is why second phase could begin only in 1973. The second stage was intended to be 12 years, while the third (final) stage was 22 years. Although the SPO could not hinder the signature, it intervened in the content of the protocol by keeping the list short for the second stage, and by extending the list for the final stage. However problems did not end. The SPO was the leading factor for the partial suspension of the additional protocol in 1976. Moreover, the SPO was not considering the EEC dimension in its economic projections in the development plans. Finally, Turkey suspended its obligations for five years, and asked for

⁷⁶ Ministry of Finance was not eager to share its power. Budget was among the traditional powers of the ministry; however, the Ministry of Finance had to share it with the SPO in terms of investments. (Tan, 1981: 154) Furthermore, according to officials in the Treasury, which is another traditional power of the ministry, reporting some of the important fiscal issues to the SPO was meant diffusion of the state secrets. Thus, they were reluctant to contact with the SPO. (Tuna, 2006: 238fn).

financial aid from the EEC, which was rejected by the EEC in 1979 (Kansu, 2004: 413-434).

The administrative reform comprehension of the post-1960 era was based on “economic development.” That is why, five-year development plans were the major tools for the administrative reforms comprising central, local, personnel and economic (rational functioning of SEEs) levels. Economic development was the major indicative for the success of the reforms. Indeed, the growth rate between 1963 - 1976 was quite promising with almost a 7% growth rate. In this context, however, the EEC could distort this trend since the economic model was based on the “protectionist” role of the state.

Therefore, the relation between Turkey and the EEC was constrained by the role of the state. The role of the state, the primary structural obstacle with the EEC relations, was changed with the crises that occurred at the end of the 1970s. Trade liberalisation and “non-protectionist” role was adopted. However, this time, another problem emerged in the EEC relations: *Coup d'état*. The EEC suspended the relationship (Karluk, 1998: 650) in 1982, after a warning in 1980. After the end of 1983, when the *coup d'état* ended, Turkey applied for full membership in 1987 in line with the current “non-protectionist” role of the state. Nonetheless, in 1989, the request was denied by the EEC on the grounds that a common market process was in progress and enlargement was not recommended (Tecer, 2007: 174). Instead, the EEC suggested that customs union with Turkey be completed (Tecer, 2007: 175).

The next two sections will explain this change in the role of the state in the post-1980 era.

4.1.5. 1ST ROUND OF NEO-LIBERALISM: POST-1980

4.1.5.1. ECONOMY

The years of 1978-1980 are the crisis era for Turkey which gave way to the dissolution of the previous state model. As of 1977, the foreign trade deficit together with inflation increased dramatically. Foreign debts continued to grow. Finally, the growth rate fell below zero. Actually, this was related to the 1974 general oil crisis in the world. It combined with Cyprus involvement of Turkey (Boratav, 2007: 140). The 1980 shock therapy on 24 January is generally considered as the beginning of the neo-liberal era in Turkey. During this era, protectionist policies fell out of fashion. Price and foreign exchange controls were lifted. Privatisation was preferred. The basic problem, that is, external economic dependence, inherited from the past continued. Instead of import-substitution, export-oriented policies were followed. Nevertheless, despite these neo-liberal policies, the size of the government in the economy could not be diminished until financial crises starting from 1994.

TABLE 71: Summary of 1980 – 1994					
	Yearly Average Increase (%)			% GNP	%
Period	GNP	Agriculture	Industry	Investment	Export/Import
1980 - 1983	2,3	0,4	4,3	3,46	49,5
1984 - 1989	5,2	0,9	7,1	2,61	71,8
1990 - 1994	3,6	1,6	4,0	1,68	63,4
Role of the State			Non-Protectionist, Deregulatory, and Externally Dependent		
Structural Factors			74 Oil Crisis, 1974 Cyprus Crisis, 1978-1980 Economic Crisis		
Voluntaristic Factors			Military Coup, ANAP		
Centre-Local			Decentralisation Tendency		
Local Government Preference			Metropolitan Municipalities		
Provision of Public Service			Contracting-Out + Privatisation		
Functions of Local Administration			Extended		

Source: Kazgan (2004:133), DPT (2006)

The post-1980 neo-liberal era experienced many crises. Especially those crises experienced after 1994 gave rise to change in the form of state intervention from deregulation to reregulation. The basic problem regarding the economy was the banking sector. The role assumed by the government was to save private banks from bankruptcy. The basic contradiction or perversion of the neo-liberal policies were on the one hand privatisation of public benefits, on the other hand nationalisation of private losses as correctly stated by Kazgan (2004: 225).

In this section, it will be shown that how the role of the state continued to be mostly favourable for private capital.

Post-1980 economic developments regarding tax revenues show a sharp decrease until the introduction of value added taxes in 1984. Until this date, tax revenues were mainly based on direct taxes. The ratio between direct and indirect taxes became nearly balanced. However after 1994, indirect taxes dominated the tax revenues. The increase in tax revenues was supported with indirect taxes (DPT, 2006). According to Boratav (2007: 179-180), Turkey is one of the countries that has the least fair tax system. With this system, revenues are not based on income, but expenditures of the people. This means that middle-income earners, rather than capital, are more under the burden of financing state expenditures.

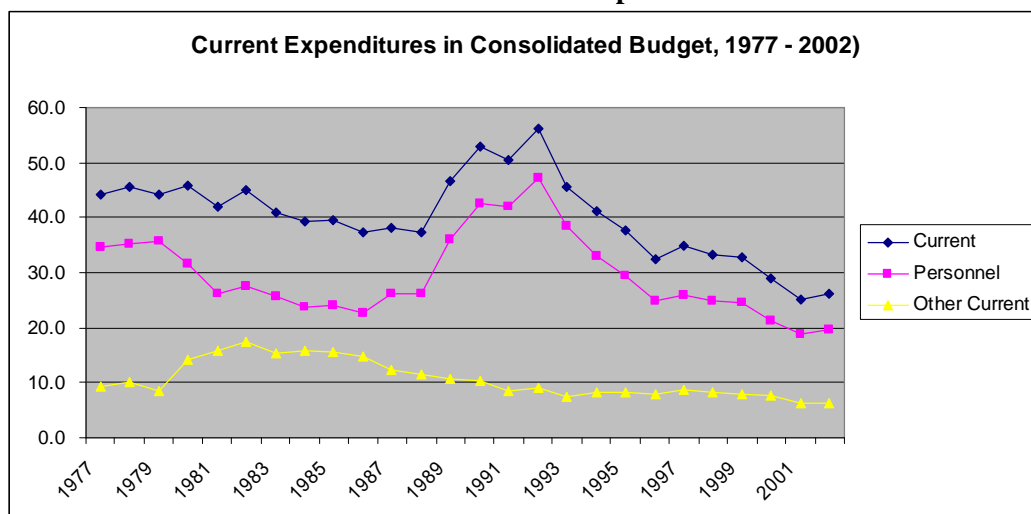
As is seen from Table 72, a combination of consolidated budget has changed considerably. This combination change shows that basic tools to diminish the budget deficit was to diminish current and investment expenditures, thus those who fulfil public service (personnel) and those expenditures to make use of public service. Nevertheless, due to transfer payments, public expenditures remained high, despite the fact that social expenditures continued to be low. When paying closer attention to the combination of current expenditures, it is seen that post-1980 policies mainly aimed at reduction in personnel salaries and

wages. However, this policy was derailed between 1989-1993 due to “spring protests” (Boratav, 2007: 176). The government had to give pay raises to labourers working in SEEs. That is why after 1989, personnel’s coverage of current expenditures increased. However, this pay increase was not sustainable. Especially after 1994, the negative post-1980 trend continued dramatically.

TABLE 72: Consolidated Budget			
<i>Years</i>	<i>Current</i>	<i>Investment</i>	<i>Transfers</i>
1977	44.2	22.9	33.0
1988	37.5	12.9	49.6
2001	25.1	5.9	69.0

Source: DPT, 2006

FIGURE 13: Current Expenditures



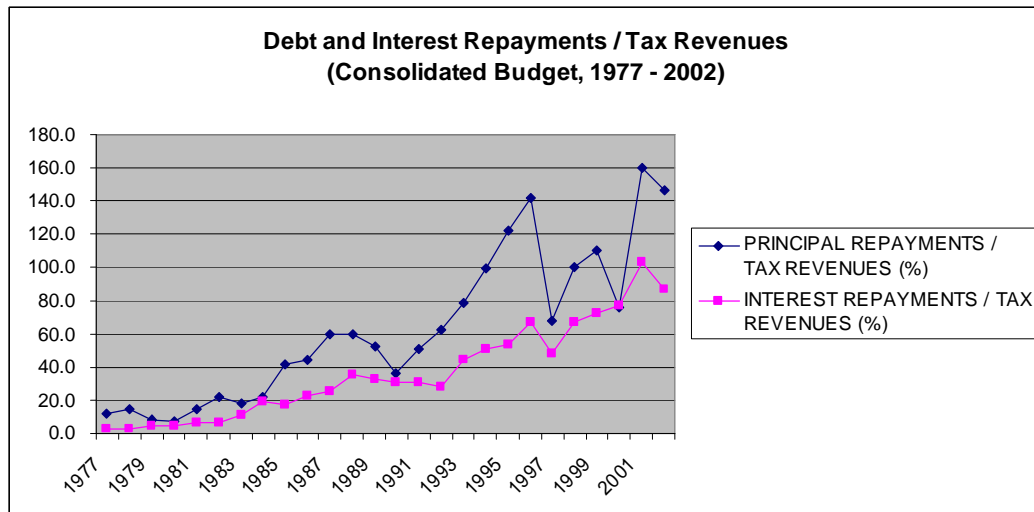
Source: DPT, 2006

Another major cut in the consolidated budget was related to investment which was the only budgetary element for the state to influence production directly. Thus the state receded from investing through the budget. (Kepenek and Yentürk, 2001: 163).

As to a significant part of transfers, in this era, the state became more externally dependent. Previously, external dependency was mainly based on

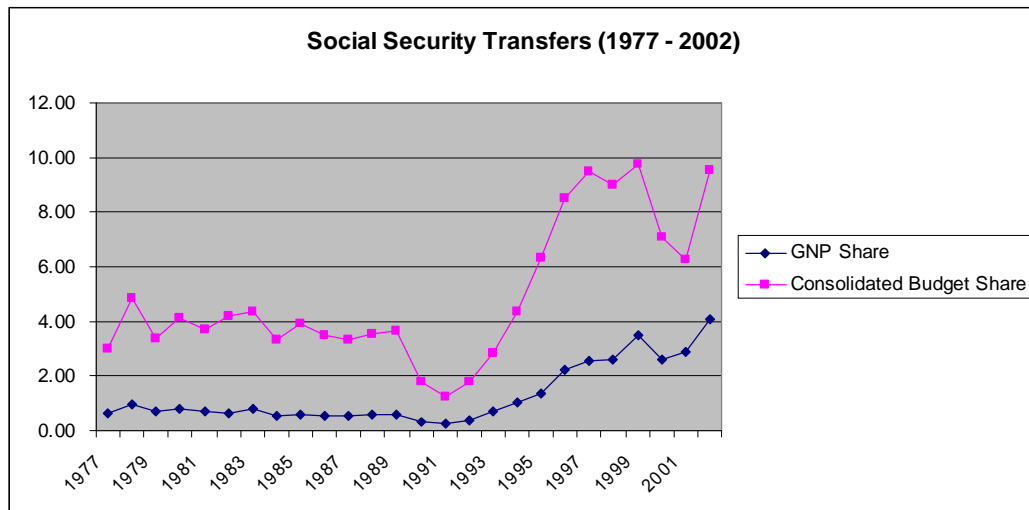
foreign trade deficit, but in the post-1980 era, this was maintained via debt and interest payments. The year 2001 is the culmination point for foreign debt.

FIGURE 14: Debt and Interest Repayments



Source: DPT, Ministry of Finance

FIGURE 15: Social Security Transfers



Source: DPT, 2006

Finally, social security transfers which are the social part of the transfer element of the budget followed a stable path and reached the bottom line in 1991.

Despite the increase in the social security budget after 1991, it did not exceed 5% of the GNP. This level is quite low when compared to European Union level.

In addition to these general economy policies of the post-1980 governments, there have been significant changes in the management of the economy in public administration. Post-1980 developments decreased the role of the SPO, especially until the 1993 Çiller Government. There are three reasons for this. The first one is related to the promotion of the private sector as a department again within the SPO. The other two are personnel policy and relations with the higher planning council. (Kansu, 2004: 507).

Another “purge movement” was the case especially within the SPO. Higher administration was cleansed from “leftist” planners. According to Kansu (2004: 469), this was the biggest most complete and the only overhaul of bureaucrats even if 1971 is included. Thirty-eight people were dismissed and nearly 140 new personnel were hired (Kansu, 2004: 469).

In 1982, the prime minister introduced a decree law foreseeing that the prime minister could use his responsibilities via the deputy prime minister or minister of state. The main aim for this was not to deteriorate the SPO, but to rule the SPO without the intervention of Prime Minister Uluşu. Yet, this structure continued and the SPO lost its privileged position (Kansu, 2004: 510).

This was a real strike to the SPO to destroy the balance of bureaucrat and politician in the Higher Planning Council. According to a regulation made in 1984,⁷⁷ SPO’s deputy undersecretaries responsible for planning, coordination and implementation was dismissed from the Higher Planning Council. It was five ministers versus one SPO undersecretary (Kansu, 2004: 510). In 1987, even the

⁷⁷ Decree Law No. 223, 1984

undersecretary was discharged from being a member of the Higher Planning Council.⁷⁸ The HPC began to work as sub-Council of Ministers and became a totally political organ (Kansu, 2004: 510).

4.1.5.2. POLITICAL POWER (1980 - 1994)

Although after the 1980 coup d'état, military reforms have dominated the public administration, in terms of administrative reform comprehension, there is no a break with the past in these military reforms. The principle of neutrality was mentioned again as the very basic of the reform. This is the repetitive principle in the administrative reform initiatives due to lack of trust in the neutrality of the bureaucrats. Revision and reorganisation were also mentioned just like the past initiatives. These points suggest that administrative reforms have been rather “formalistic” instead of “substantial”. According to Heper and Berkan (2002: 156) “the attempt to establish a uniform organisational framework was relatively more successful (...) For ministries, the general directorates affiliated to ministries, and for the field and provincial units of ministries, the basic line, staff, and auxiliary units were identified.”

Other recurring themes were as follows: Critique of red-tape (bureaucratisation), limit in the number of the public servants (indeed in 1981, only 0.2% increase has been scored among total personnel under the central budget which is quite low when compared to 19.9% in 1978, and 12.8% in 1979), increase in the local government revenues (there is no significant change in the revenues of local governments, even in 1981 local government revenues hit the bottom in the history of the republic with 5.58% percentage share in the general budget), and finally efficient functioning of the SEEs.

⁷⁸ 1987, Law No. 304.

In this context, these are not so different from the reform policies suggested before 1980 governments. Although the real difference occurred especially after Özal took office at the end of 1983, there are also similar tendencies even in Özal's reforms such as standardisation and simplification of the bureaucratic transactions.

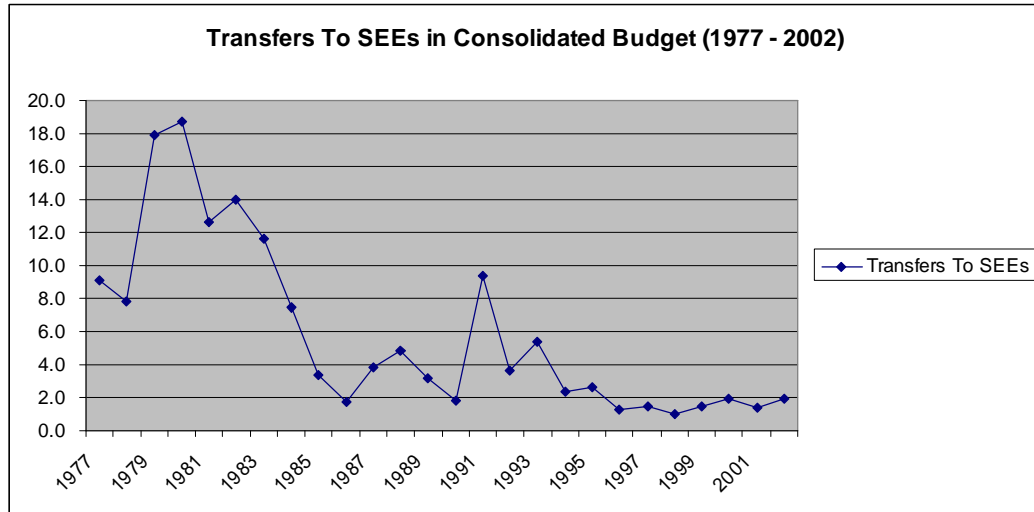
In this framework, the internal structure of ministries was reorganized by Act 3046, enacted in September 1984. Achieving a better division of labour and coordination among the various bureaus also meant that a transaction would be completed in one office, and clients would not have to run from one agency to another. (Heper and Berkman, 2002: 157)

Apart from these “reorganisational” matters, there was a certain break with the past in terms of administrative reform in the Özal era which was closely linked to the new role of the state. Change in the role of the state is quite clear not only in the government program (1983) of the neo-liberal Özal government, but also in its party program (ANAP Program, 1983: 10th article). The role to be assigned to the government was restricted to safety, security, defence and justice. In this context the state, as a rule, was not supposed to intervene into the economy. Even, the state's role of regulation and orientation was seen to be on the general level, not in the details. The only direct role assigned to the state was infrastructure (especially energy, highways and railways, docks, telecommunication, transportation). Indeed, during the ANAP era, public investments were mostly allocated to energy, transportation and communication as indicated in the table below.

TABLE 73: Gross Fixed Investments by Sectors (Public) (At Current Prices, Percentage Share)									
	1980	1982	1983	1984	1985	1986	1987	1988	1989
ENERGY	21.30	24.69	25.35	23.98	21.96	24.26	22.94	26.90	29.85
TRANSPORT. & COMMU	20.80	21.30	23.49	24.99	28.03	29.35	33.88	29.72	30.05
Total	42.10	46.00	48.84	48.97	49.99	53.60	56.82	56.62	59.90

Source: DPT, 2006

FIGURE 16: Transfers to SEEs



Source: DPT, 2006

The direct consequence of this “non-interventionist” role can be observed in the SEE policies. For example, there is a dramatic decrease regarding transfers to SEEs after 1980. Another direct influence was expected to be observed in privatisation policies, however, because of the path dependent character, privatisation of the SEEs has not been done easily. Indeed, the place of the SEEs in the economy increased from 12% in 1977 to 17.8% in 1987 (Kepenek and Yentürk, 2003: 251). When studying the value added share in GDP of SEEs, until the mid-1980s, it continued to rise (DPT, 2006). In order to understand the preference of the government in terms of privatisation, the following question should be answered: Since the state reduced transfers to the SEEs without privatizing them until mid 1980s, how did they finance themselves? As is shown in the table below, the borrowing requirement level of the SEEs decreased considerably until the end of the 1980s. Furthermore, especially between 1985-1990, the SEEs achieved net profits, despite stable duty losses caused by governmental tasks outside of the market mechanism. According to Boratav (2007: 179), due to the government’s reluctance to finance the SEEs led them to find finance via foreign debts, or lose efficiency in the long run.

This shows that despite the fact that the place of the SEEs was relatively not burdensome for the consolidated budget until the end of 1980s (see Table 74), the government wanted to sell them. Therefore, the privatisation program was pursued irrespective of benefit - loss of the SEEs.⁷⁹ It clearly shows that main aim was to diminish the role of the state in the economy and to share it with the private sector, rather than to sell the SEEs in trouble with losses.

TABLE 74: Profit / Loss in SEEs (1980 - 2002)					
YEARS	PROFIT/ LOSSES	DUTY LOSSES	NET PROFIT/ LOSS	BORROWI NG REQ/ GNP	VALUE AD./ GDP
1980	53	- 75	- 22	5.8	6.9
1983	164	- 198	- 34	4.3	7.2
1985	1 275	- 441	834	2.8	8.5
1986	1 124	- 329	795	2.2	8.0
1987	1 209	- 173	1 036	1.9	8.0
1988	1 413	- 232	1 181	2.0	7.5
1989	1 504	- 605	899	1.8	7.9
1990	- 1 424	- 1 151	- 2 575	4.2	7.0
1991	- 20 404	- 5 695	- 26 099	3.7	7.0
1992	- 30 930	- 15 422	- 46 353	4.5	7.2
1993	- 49 711	- 11 624	- 61 335	3.5	6.5
1994	- 84 439	- 18 591	- 103 030	1.9	7.3
1995	17 188	- 16 341	847	-0.7	5.2
1996	200 558	- 18 407	182 151	0.0	5.4
1997	532 106	- 53 522	478 584	0.6	5.8
1998	1 142 987	- 290 042	852 945	1.2	6.1
1999	739 123	- 556 514	182 609	2.2	5.6
2000	- 113 586	- 638 933	- 752 519	1.9	4.3
2001	-1 037 497	- 849 379	-1 886 876	0.4	4.3
2002	2 370 666	- 982 370	1 388 295	-1.0	4.5

Source: DPT, 2006

⁷⁹ According DPT (2006) data, for example, privatisation began in 1985 when the SEEs were not in trouble with making profits. Between 1985 and 1989, the SEEs could achieve net profit. However, the privatisation program has been gradually implemented since 1985. Despite the fact that privatisation has been accelerated especially after 1994, again, the SEEs were able to achieve net profit between 1995 and 1999.

4.1.5.3. ADMINISTRATIVE REFORM AFTER THE 1994 ECONOMIC CRISIS

Tansu Çiller, leader of the DYP-True Path Party, dominated the 1993-1996, period which comprises both the 1994 crisis and the customs union agreement. Çiller formed three governments, of them the second one could not get a vote of confidence. Çiller formed a coalition with social democrat parties, except for the second Çiller government. In this period, the privatisation law was introduced, and privatisation was accelerated. Neo-liberal economic program adopted on 5 April 1994 paved the way for structural reforms which will experience crises again in 1999 and 2001. The new system could be established and stabilized only after the 2001 crisis.

Despite reform promises, neither the Civil Servants' Law nor the Local Governments Act could be re-written. Nevertheless, what is important during this period was the re-strengthening the role of the SPO. Especially after 1980, the SPO's power declined considerably as was explained before. The role of the SPO was restructured in line with the "change in the state" as indicated in the first Çiller government program (1993). Indeed, undersecretary of the SPO could find its place in the High Planning Council after seven years as of 19 June 1994 with Decree-Law No. 540.

The second Çiller government could not obtain adequate vote of confidence, but her program outlined the outcomes of 5 April decisions implemented in the first Çiller government. In accordance with the government program (1995a), the seventh five-year plan was prepared with the philosophy of "market economy" and "institutionalisation of competition." The plan covered 20 structural reforms, with privatisation having the foremost priority. Apart from privatisation, independence of the Central Bank, build-operate-transfer policies, customs union protocol are included in the 5 April decisions.

After 1996, until 1997, the DYP took part in coalition governments. The coalition with ANAP did not work due to the resignation of the prime minister after the annulment of vote of confidence by the Constitutional Court. Despite its short life, continuities of the “market philosophy” can be found easily in the government program (1995b). The price of the public service should be paid by those benefited. The public personnel number should not be increased for five years. The state, including local governments, should return to its fundamental functions via privatisation.

This market philosophy was also the case for the Necmettin Erbakan government coalition with DYP. Fundamental functions of the state (justice - security - infrastructure) should be done by the state. Privatisation, independence of the central bank, transparent, participative administration should be established via administrative reform. Personnel reform, prevention of waste, and reducing red-tape are the basic focal points of the reform. Framework law regulating local governments would be introduced and revenues of local governments would be strengthened (Government Program, 1996).

TABLE 75: Reform Areas and Legal Implications						
Central	Local	Control	E-Government	Right to Information	Ombudsman	Personnel
Draft in TBMM		Law no. 4149	1998/13 circular of the Prime Ministry	Draft is not ready.	Draft in public agencies for discussion	Draft in the Council of Minister 1998/16 circular of the Prime Ministry

Nevertheless, until the Justice and Development Party (AKP) government, administrative reform would be rather restricted. Instead, structural reforms were

prioritized. Later, after 1999, political reforms were also added to accelerated reform packages.

Regarding regulatory agencies, “control” became of increasing value in this era, and independence of these agencies became of crucial importance. The introduction of “performance audit” in the legislation is a significant example of the importance given to the control function. Privatisation comprehension was relatively changed after 1999 in the Ecevit government (Government program, 1999) with focus on transparency, public benefit, job security, capital extending towards the bottom. Those SEEs which could not be privatized would be removed from political influence. An international referee system was introduced which shows that market-orientation has never been changed despite slight strategy change in privatisation.

As for restructuring public administration, six main areas of reform are focused upon: central-local relations, control, e-government, right to information, ombudsman, and personnel. Despite this wide range of reform areas, most of them could not go beyond the draft stage. Apart from the 1996 changes in the Turkish Court of Accounts Law, nothing has changed much regarding these areas. In 1998, a public-net higher board was founded, and a study on norm cadres was started via the Prime Minister’s circulars. Draft laws related to personnel regime were prepared in 1998, and could be presented the Council of Ministers. However, these drafts could not even be brought to the National Assembly. The situation was even worse for draft laws on right to information, and ombudsman. These drafts could not even be presented to the Council of Ministers. Among others, the most advantageous reform project was related to local governments. Draft framework law regulating competences between centre and local level could be finished and passed to the National Assembly. Two attempts were made for the realisation of the draft law. The first attempt could

not be completed because of the 1999 general elections. The second attempt was taken back from the assembly.

TABLE 76: Draft Laws on Local Governments		
Name of the draft	Basic no	National Assembly
Municipalities	2/320	08/10/1999
Special Provincial Administrations	2/234	08/10/1999
Framework law	2/504	30/03/2000
Framework law	1/843	20/04/2001
Framework law	1/899	31/07/2001

4.1.5.4. POLITICS - ADMINISTRATION

The main characteristic of the era is the “dual bureaucracy” and its implications. Basic understanding of this term can be explained as follows: “Liberalisation policies could be successfully achieved only by organisations and bureaucratic cadres most sympathetic to the neo-liberal values” (Aksoy and Polatoğlu, 2004: 439). The first step of this was to create public institutions and agencies that support neo-liberalism. As was explained earlier, the Treasury and Foreign Trade Undersecretariat was the most important example of this kind of arrangement. The second step was

to allow the private sector managers to enter laterally into the highest administration echelons in the public bureaucracies. (...) Thus, new civil servants were recruited from outside the bureaucracy, of whom the majority were educated in the United States, and they were appointed as heads of such economically critical agencies as the Central Bank, the state banks, and state economic enterprises. (Heper and Berkman, 2002: 157)

Another point which should be underlined is the increasing number of “ministers of state.” Despite the fact that in Özal government program (1983), there was a critique against the growing number of ministries and state ministers, the second Özal government did not pay attention to reduce the number of the

ministers. Indeed, Özal could diminish the number from 29 with 6 state ministries to 23 with 8 state ministers.⁸⁰ However, in the second Özal government, Özal did the opposite. The number of the cabinet members increased to 31 ministers, 12 of whom were state ministers. This was the beginning of the increasing trend not only in the number of the council of ministers, but also state ministers.

TABLE 77: Governments (1980 - 2002)				
Prime Minister	Period	Political Parties Making Up the Government	Total Ministers	State Ministers
Ulus	20.09.1980-13.12.1983	- (<i>Coup d'état</i> government)	29	6
1 st Özal	13.12.1983-21.12.1987	ANAP	23	8
2 nd Özal	21.12.1987-9.11.1989	ANAP	31	12
Akbulut	09.11.1989-23.06.1991	ANAP	31	15
1 st Yılmaz	23.06.1991-20.11.1991	ANAP	33	14
7 th Demirel	20.11.1991-25.06.1993	DYP-SHP	33	15
1 st Çiller	25.06.1993-05.10.1995	DYP-SHP*	34	16
2 nd Çiller	05.10.1995-30.10.1995	DYP	30	12
3 rd Çiller	30.10.1995-06.03.1996	DYP-CHP	33	16
2 nd Yılmaz	06.03.1996-28.06.1996	ANAP-DYP	33	15
Erbakan	28.06.1996-30.06.1997	RP-DYP	37	19
3 rd Yılmaz	30.06.1997-11.01.1999	ANAP-DSP-DTP-Independent	37	20
4 th Ecevit	11.01.1999-28.05.1999	DSP	25	7
5 th Ecevit	28.05.1999-18.11.2002	DSP-ANAP-MHP	38	19
<i>Average</i>			32	14

*SHP was integrated into CHP.

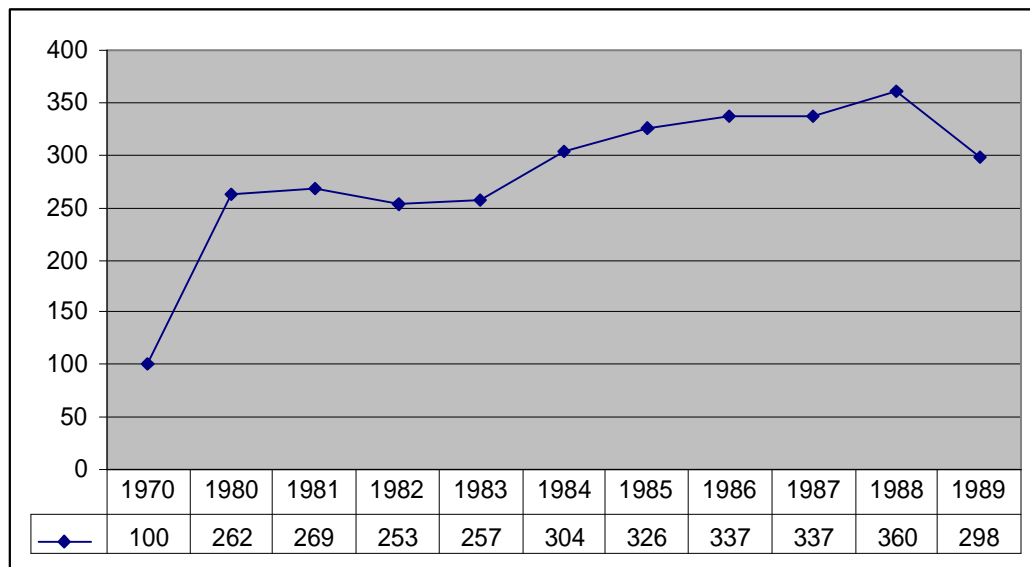
Source: Compiled from <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>

⁸⁰ In the government program, Özal mentions that he reduced the number from 25 to 21.

According to Güler (2005: 115), the main reason for the increase in the number of state ministers was to transcend the traditional state organisation via strengthening the Prime Ministry and to take the monopoly of decision from the traditional bureaucracy away (Güler, 2005: 115).

Regarding financial power of the bureaucrats, personnel expenditures from the central budget have already been shown in Figure 13 above. It clearly expresses that personnel expenditures were cut (until 1989) in order to reduce the total public expenditures in line with neo-liberal policy. Another variable which proves “real” loss of financial power of the public servants is a comparison of the increase of the GDP per capita with the increase in the average net salaries of the public servants. As can be deduced from the figure below, despite the fact that there is a relative amelioration in the increase in the average net salaries of the public servants between 1981 and 1983, after Özal took the leadership in the government in November 1983, salaries began to worsen considerably until 1989. Thus, the first implication of neo-liberal policies on public servants was salary cut except for 1989-1993.

FIGURE 17: Increase in the GDP Per Capita / Increase in the Average Net Salaries



Source: Tecer (1993: 19)

In order to follow the continuity in the neo-liberal era started in 1980, change in personnel structure will be added to the analysis. According to the table below, in the Özal era (December 1983 - November 1989; thus 1984 - 1989 data are related to Özal era) there was not a cut total personnel number. There was a 10% increase among total personnel. Major elements that cause an increase in the number of the total personnel are public officials and contracted personnel. During the Özal era, there was a significant reduction in workers (regular or casual). After 1989, there was a very significant increase in contracted personnel in 1990, and in casual employees in 1992. Economic crises in 1994 and 2001 cut firstly a great number of the casual employees.

TABLE 78: The Distribution of the Free Personnel Permanent Staffs in the Foundations Under General Budget (% of Change)						
Year	Total Personnel	Public Officials	Casual Employees	Regular Employees	Contracted Personnel	Judge and Prosecutor
1980	2.8	3.51	-25.25	1.62	9.82	1.85
1981	0.28	0.2	-0.1	1.36	-5.93	0.07
1982	3.29	3.15	-7	4.78	3.77	24.28
1983	1.07	1.06	2.83	0.26	16.71	3.03
1984	1.55	5.47	-68.01	-27.5	1.06	0.72
1985	2.87	3.76	-0.77	-8.95	-8.25	-0.23
1986	2.25	2.36	-0.17	0.01	17.19	0.17
1987	2.58	2.98	4.1	-5.33	22.37	0
1988	1.85	1.64	1.92	4.3	12.95	6.67
1989	0.26	0.12	0	0.69	19.7	3.21
1990	3.87	3.4	-8.98	4.26	94.07	0
1991	1.54	1.62	-0.07	-0.02	3.93	0.36
1992	4.48	4.09	229.54	-0.09	-9.2	4.94
1993	3.63	3.8	21.24	0.8	-14.71	0.09
1994	-0.6	0	-49.51	0.21	-2.22	0.34
1995	2.44	2.63	0.41	0.17	-2.66	-0.16
1996	-0.49	0.78	-4.69	-8.52	-11.15	n.a.
1997	0.43	0.5	-0.58	-0.26	-5.61	n.a.
1998	6.04	6.49	-0.22	-2.14	1.31	n.a.
1999	3.43	3.52	23.85	-1.24	0.82	n.a.
2000	6.34	6.54	18.41	-0.66	6.99	0.39
2001	-0.39	-0.15	-82.67	8.93	3.44	0.59
2002	0.8	0.1	4.7	0.3	6.7	0.1

Source: (TÜİK, 2007: 177)

Note. Personnel under the law 926 of Turkish Army is excluded

Number of contracted personnel increased considerably especially in the SEEs. Between 1984 and 1987 (first Özal Government), the total personnel of the SEEs increased with a significant increase in the contracted personnel. Only after 1995, it gained momentum to decrease not only for contracted personnel, but also employees. According to Güler (2005: 121), the reason for this was to create a “personnel structure deprived of syndical rights supported by employee status and general security system supported by public official status.”

TABLE 79: Personnel Structure in SEEs						
	1984	1987	1991	1993	1995	2002
Employee	443271	486055	425317	399295	337214	256721
Contracted	1374	116786	270889	266458	237411	179698
Public Official	297470	223602	84661	94401	91881	17240
Total	742115	826443	780867	760154	666506	453659

Source: (Güler, 2005b: 134)

4.1.5.5. CENTRE - LOCAL RELATIONS

As can be seen from the table below, the share of local government revenues (only municipalities and SPAs) in the general budget increased considerably, especially after 1984, in the Özal era. Indeed, the comparative scope of local governments’ revenues vis-à-vis central budget is the highest between 1986 and 1988 if taking 1980 - 2004 period as a whole. Such an increase can be stated in the GNP share of the local government revenues as well. Such an increase can be stated in the GNP share of the local government revenues as well. In accordance with the municipality preference of the post-1980 era, revenues of the municipalities hit the peak point in the Özal era in 1986. What is crucial here is that such an increase does not stem from the increase in the own revenues of the municipalities, but transfers from the centre. Thus, this kind of decentralisation is mainly dependent upon the centre. This main characteristic does not change in the post-1980 period with a 40-55 percentage level of central

transfers. In 1990s, own revenues of the municipalities exceeded 40%, and also stabilized at the 40-55 percentage levels.

TABLE 80: Revenues of Local Governments							
	M/GB	Municipality Share	SPA Share	(M+SPA) /GB	(M+SPA) /GNP	Own revenues	Central Transfer
1980	4.81	81.34	18.66	5.91	1.05	36.62	34.94
1981	4.56	78.11	21.89	5.84	1.05	37.14	46.25
1982	6.02	78.1	21.9	7.71	1.1	33.01	44.75
1983	5.74	n.a.	n.a.	n.a.	n.a.	38.27	42.32
1984	6.95	77.96	22.04	8.91	1.4	30.33	43.04
1985	9.40	83.67	16.33	11.24	1.85	22.25	50.94
1986	17.02	85.4	14.6	19.93	2.58	24.98	44.71
1987	16.39	83.45	16.55	19.65	2.59	20.15	42.86
1988	15.30	82.25	17.75	18.61	2.42	20.21	43.54
1989	11.81	78.79	21.21	14.99	1.97	24.75	50.99
1990	11.75	77.62	22.38	15.14	2.1	27.39	51.35
1991	11.95	78.45	21.55	15.23	2.31	44.09	53.87
1992	12.54	77.91	22.09	16.09	2.54	46.23	50.01
1993	13.84	80.83	19.17	17.13	3.01	51.15	44.89
1994	12.59	83.66	16.34	15.05	2.87	52.52	44.48
1995	13.21	82.96	17.04	15.93	2.73	48.57	47.36
1996	13.49	79.72	20.28	16.92	3.03	45.12	50.07
1997	13.78	77.46	22.54	17.79	3.47	45.57	48.08
1998	12.86	76.54	23.46	16.8	3.65	47.79	48.81
1999	12.35	79.24	20.76	15.59	3.71	46.77	49.83
2000	11.39	79.73	20.27	14.28	3.76	43.87	53.09
2001	11.19	79.22	20.78	14.13	4.07	42.93	54.37
2002	10.09	78.87	21.13	12.8	3.47	47.04	50.1
2003	10.09	80.01	19.99	12.61	3.48	54.51	43.76
2004	9.77	80.14	19.86	12.19	3.41	45.75	52.44

Source: All data until 1995 was gathered from Çınar and Güler (2004: 51-59); the rest was gathered from TÜİK.

Reorganisation of the municipalities in 1983 reflects important change in centre-local relations since metropolitan municipalities emerged as a powerful actor in the localities. In this context, most of the revenues were used by the metropolitan municipalities themselves.

In line with the role of the state, which is supposed to withdraw from the economy via privatisation, the municipalities searched for an alternative public

service provision such as privatisation and contracting-out. As Şengül (2001: 110) mentions, the privatisation process was implemented in Turkey in two ways: firstly, municipalities were removed from the fields such as transportation for the sake of the private sector and market mechanism, and they began to promote the subcontracting work. Secondly, municipality firms emerged within the market logic in order to implement privatisation policies better and to refrain from central tutelage. Other alternative ways were as follows (Göymen, 2000: 10): specific purpose service institutions such as İSKİ and ASKİ, municipality unions, promotion via taxes, service subventions, voucher, self-help, etc.

All these policies imply one important conclusion. As Şengül (2001: 109) argues, the cities were being considered as part of the global economy for the sake of international capital flows. This process was put into practice after the 1980s in Turkey, especially with the initiatives of the World Bank and similar institutions. Capital logic was articulated into the service sector and investments were directed to non-productive sectors. Especially metropolitan cities became a field for investments. Municipalities have focused especially on investments in infra-structure such as transportation in order to satisfy the demands of capital. Experiences during the 1980s and onwards in Turkey can be summarized with reference to Güler (1998: 185) as follows: 1. The decentralisation process was accelerated. 2. Municipalities' function of reproduction of labour was nearly removed. 3. With the privatisation process, capital accumulation function of localities was augmented.

Globalisation affected Turkish localities not only with privatisation policies, but also with foreign borrowing and foreign credits. Foreign debt stock of local governments was zero in 1983, and it increased considerably after the 1980s (Çınar, 2000: 588; Geray, 2001: 9). Furthermore, foreign credits, which was zero again in 1988, increased considerably during the 1990s. Foreign credits were mostly used by metropolitan municipalities especially for the transportation

such as metro construction, water such as sewerage system, and gas such as natural gas (Geray, 2001: 10). In order to facilitate obtaining money from abroad, the Treasury guarantee was granted to the local governments, which was mostly used by the metropolitan municipalities, until 1999 (Üstünişik, 2000: 545).

4.1.6. 2ND ROUND OF NEO-LIBERALISM: POST-2001

4.1.6.1. ECONOMY

TABLE 81: Summary of Post-2001 Period					
	Yearly Average Increase (%)			% GNP	%
Period	GNP	Agriculture	Industry	Investment	Export/Import
1999 – 2001	-3.1	-2.5	-2.2	2.31	64.0
2002 – 2005	7.8	3.0	8.3	2.18	65.6
Role of the State			Non-Protectionist, Re-regulation, and Externally Dependent		
Structural Factors			1994 crisis, 2000-2001 crisis		
Voluntaristic Factors			Kemal Derviş, the AKP		
Centre-Local			Local Governance		
Local Government Preference			Metropolitan Municipalities		
Provision of Public Service			Contracting-Out + privatisation		
Functions of Local Administration			Extended		

Source: DPT, 2006.

Boratav calls 1994-2001 as the era of financial crisis and submission to international capital. The basic outcome of this process is that the state gathers a different, but complementary role to the privatisation: Regulation. Öniş and Şenses (2007: 271) defines this new role as follows: “The post-2001 restructuring process of Turkey with major attention paid to creating powerful regulatory institutions in the realm of banking and finance as well as enhancing power and autonomy of existing key institutions such as the Central Bank.” In other words, “national states are expected to make rules and to issue regulations that enhance

the functioning of market domestically as well as effective integration of national market into global one” (Şaylan, 2001-2002: 32).

The year 2001 can be seen as the culmination point of neo-liberal policies continued after 1980. Basic trends are the same with that of the previous tendency with some recoveries.

The level of 2001 tax revenues could not be achieved until today. Privatisation revenues were not enough to cover increasing lack of revenue. Correspondingly, budget revenues could not reach the 2001 level again. Indirect taxes continued to dominate tax revenues. Thus, from the revenue part, neo-liberal tendencies worsened due to financial crises. The structural part followed the will of the political powers. Despite the fact that the financial crises happened due to IMF’s policies, political power continued to work with IMF (Boratav, 2007: 173).

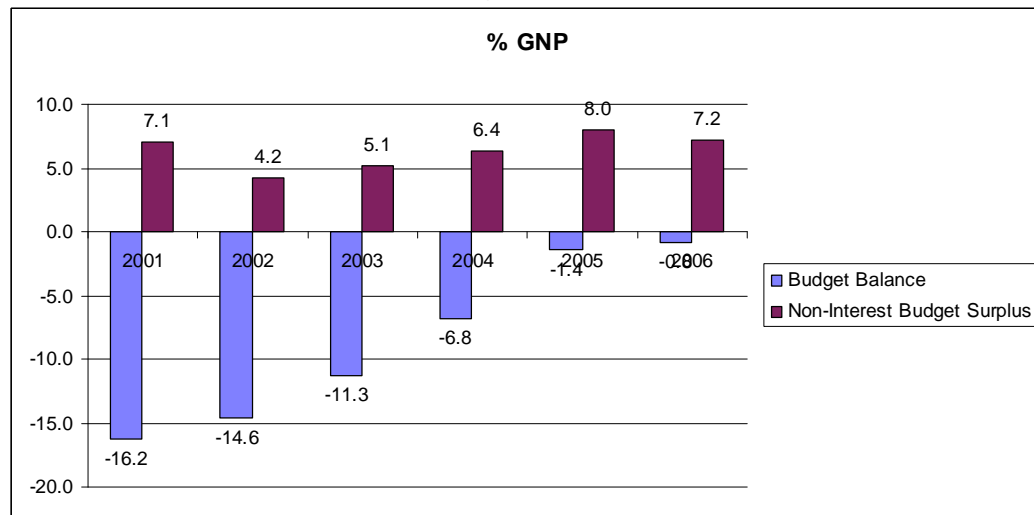
TABLE 82: Tax Revenues and General Government Revenues (2001 - 2008)								
	2001	2002	2003	2004	2005	2006	2007 Budg.	2008 Budg.
TR	25.2	22.4	23.8	23.4	24.6	23.9	25.0	23.9
GGR	33.1	28.9	28.3	28.7	31.4	30.1	29.8	28.5

Source: 2008 Budget Memorandum; TR: Tax revenues; GGR: General Government Revenues

As to the expenditure side, there is a slight decrease in personnel expenditures’ share in GNP, decreasing from 8.2% in 2001 to 7.4% in 2006. Investments continue to decrease gradually, except for a slight increase in 2002, from 2.6% in 2001, to 2.1% in 2006. In a parallel manner, SEE transfers are stabilized to 0.1% after 2004. The only counter tendency is related to social security transfers. From 2.9%, it reached to 4.1% of GNP, although it is still quite low when compared to European countries. The greatest part in the budget is allocated to interest payments. The year 2001 was the peak point for foreign

credits (from IMF), thus debts and interest. The basic economic policy was to decrease public expenditures via reducing interest repayments. Non-interest budget surplus was the main aim to achieve.

FIGURE 18: Budget Balance (2001 - 2006)



Source: 2008 Budget Memorandum

In terms of EU accession and the role of the state, it was not until 1999 that subjective (role of the politics) and objective (role of the economy) factors were overlapped. In Helsinki, Turkey was granted candidate status at the end of 1999. The 2001 economic crisis changed not only the role of the state from “de-regulation” to “re-regulation,” but also the pace of the EU - Turkey relations. The progress report states that “as a result of the financial crisis, the speed and scope of structural reforms have substantially increased” (European Commission, 2001b: 36) and after the November 2000 and February 2001 crises, the Turkish government adopted a “major package of financial and economic reforms,” which was “intended to overcome the crisis, and to help meet the economic criteria for EU membership”⁸¹ (European Commission, 2001b: 14). At this point, administrative reform, which is the key tool to overcome and stabilise the crisis,

⁸¹ Therefore, even the EU report accepts that crisis, but not the membership projection itself, triggered the reforms.

was equalized to the EU accession. 2001 NPAA was a reply to the economic crisis through EU accession including IMF-oriented⁸² structural reforms. EU demands were in line with the current role of the state: Regulation. Symbol institutions of this era were independent regulatory bodies,⁸³ including the Central Bank. “Independence,” which I prefer to call “pseudo-autonomy,” of these institutions was at the top of the agenda under the name of the structural reforms. Therefore, the EU accession process did not change the direction of Turkish administrative reform; on the contrary, it reinforced these efforts.

The first regulatory body, Capital Market Board, was established in 1981. However it was not until 1994 that the further “regulatory” bodies were needed. As a response to the 1994 crisis, two other regulatory bodies were founded: Supreme Council of Radio and Television, and Competition Agency. Nevertheless, especially during the 1998-2001 crises, we can state that the regulatory system was fully adopted by the governments: Banking Regulation and Supervision Agency (1999, active since 2000), Telecommunication Agency (2000), Energy Market Regulation Agency (2001), Sugar Agency⁸⁴ (2001), Tobacco, Tobacco Products and Alcoholic Beverages Market Regulating Agency (2002), and The Public Procurement Agency (2002). (See for full list, Sezen, 2001-2002: 21-22.) Since most of the regulatory bodies were established after or during the crises, it is possible to state that these bodies are the major responses

⁸² It should be underlined that although the IMF and the EU were together “anchors” of Turkey, “major democratization packages (...) probably would not have been possible if the IMF alone was involved in the restructuring process” (Öniş and Şenses (2007: 271).

⁸³ Institutionalisation corresponding to the regulatory role of the state is “independent” regulatory bodies. Common characteristics of autonomous bodies in Turkey are legal personality which is separate from state’s legal personality, and different budget from that of general budget. Still, regulatory bodies have three significant characteristics: The first is that they are not under administrative tutelage, but financial audit. The second is closely connected to the first one: They are neither “attached” nor “affiliated” to the ministries. Owing to their “independent” and “autonomous” feature, they are “related” to the ministries. (Danıştay, 2006) Finally, election for the membership of these bodies is made by either the Council of Ministers or the National Assembly itself. What is important is that the member elected cannot be forced to resign.

⁸⁴ Not anymore according to 5018.

to the economic crises. Even so, the 2001 crisis proved that if these regulatory bodies are not established properly (i.e. BDDK), crises cannot be prevented. Hence, the establishment of these bodies is inadequate to overcome the crises, but the bodies' regulatory quality should also be sound.

By the same token, the Central Bank should be added to the list since the “independence” of the Central Bank was among the remedy proposals for the recovery of the latest 2001 crisis. The overlapping character of “response to the crisis” and the “EU membership bid” is significant at this point because independence of the Central Bank is the recurrent theme of international organisations including the EU. That is why the latest law on the Central Bank increased the legal independence of it. Indeed, the Central Bank can be regarded as an “independent administrative authority” like regulatory bodies according to the Council of State, *Danıştay* (2006).

At this point there are two important questions to be answered regarding these regulatory bodies: 1. Are they really “independent”? 2. Are they promoting centralisation or decentralisation? These questions are important in order to understand what sort of institutionalisation the EU and the new role of the state are urging.

First of all, “independence” should be evaluated as “autonomy” vis-à-vis central government. With this in mind, these bodies are the most autonomous agencies in Turkey when compared to other public institutions and agencies due to their differentiating characters mentioned above. Nevertheless, autonomy against the central government does not mean autonomy against the international organisations, since their main aim is to regulate the “free market” prescribed by them. For example, IMF conditionality limited the independence of the Central Bank in the crisis-management since the IMF did not allow the Central Bank to solve the liquidity problem via monetary policy (Eğilmez, 2004). Therefore, the

regulatory bodies are not autonomous against “capital” (Aslan, 2007: 513). That is why the term “pseudo autonomy” was chosen in this study.

The second point at stake is the capacity of these regulatory bodies in (de)centralisation process. From a legal point, although there is no consensus on their status (Sezen, 2001-2002: 17), what is true is that they are not part of the “centre” due to their autonomous character. Thus, they are part of the “decentralised”⁸⁵ units. Should these bodies be considered part of the decentralisation? Regulatory bodies use one of the most important powers of the “centre,” that is “regulation”. In this context, the central power is delegated to these bodies. Thus, the “political centre” creates another centre which can be labelled as “administrative centre.” Hence, central power is being strengthened via specialisation of public administration. In other words, it is nothing but the “reassertion of the centre.” (Christensen and Lægreid, 2007) An analogy can show the logic clearly: Privatisation of a monopoly public service owned by the state does not change the “monopoly” character of the service. It only changes the ownership. Likewise, delegation of the central power to a decentralised unit such as regulatory bodies does not change the central “essence” of the power. It only changes the ownership. The central function is maintained. Moreover, as Şaylan (2001-2002: 33) comments, the “OECD clearly underlines the necessity of the creation of independent regulatory bodies supposed to be arms length away from political decision makers.” As such, regulatory bodies are not “far away” from political decision makers. Furthermore, as Goodwin and Painter (1996: 636) argue, “recentralisation of political authority” is not only a matter of “shift in power from elected local government to elected central government.” It also includes non-majoritarian institutions like regulatory bodies. This comprehension supports the assumption that they are part of the centre, more specifically, the administrative centre besides the political centre. Elaboration should be continued

⁸⁵ Since these regulatory bodies are not part of the local governments they should be part of the “functionally decentralised” bodies. It is because their members are not elected by the local community with local elections for the administration of a locality.

as follows: According to Council of Europe (1997) recommendation reports, even devolution of power to SPAs is not considered decentralisation on the grounds that the president of these local authorities is not elected. The real decentralisation can only be made via devolution of power to local governments that are elected by the local elections. As a conclusion, delegation of power to regulatory bodies creates an administrative centre which reinforces centralisation.

4.1.6.2. POLITICS - ADMINISTRATION

The post-2001 bureaucracy - administration relation can be read as the continuity of the first round of neo-liberalism. Personnel expenditures continue to reduce, though slightly.

TABLE 83: Share of the Personnel Expenditures in the Consolidated Budget					
2001	2002	2003	2004	2005	2006
8.6	8.4	8.5	8.3	8.2	7.9

Source: 2008 Budget Memorandum

The number of contracted personnel continues to rise considerably with 166.2% in 2005 and 109.5% in 2007.

TABLE 84: Number of Contracted Personnel			
2004	2005	2006	2007
12787	34043	40082	83979

Source: 2008 Budget Memorandum

Another preference for the new government is the status of employee/worker. In 2006, there was a 450.6% increase in the number of casual employees, and 58.2% in the number of regular employees. In 2007, while the number of casual employees decreased significantly (-396.3%), regular employees continued to grow with a slight increase of 3.05%.

TABLE 85: Distribution of the Free Personnel Permanent Staffs in the Foundations Under General Budget					
	Public Official	Casual Employee	Regular Employee	Contracted Personnel	Judge and Prosecutor
2003	1728344	2366	69460	10819	11186
2007	1865491	3775	111123	83979	16289

Source: (TÜİK, 2007: 177)

The extraordinary increase in the number of judges and prosecutors should be underlined. The increase in their employment was the highest according to the data available since 1976 with 36.6% in 2005. The second largest increase occurred in 1982, two years after the military coup, before the general election of 1983 with 24.3%. Overall, increase reached 45.62% if considering the years of 2003 and 2007. This ratio is significant with the “pro-Islamist” character of the neo-liberal AKP.

A basic characteristic of the era was mentioned before with independence regulatory bodies. In this context, “some” bureaucrats became strong vis-à-vis political power which even goes beyond the level of the 1960 era.

4.1.6.3. CENTRE - LOCAL RELATIONS

In terms of centre-local relations, there are mainly two distinctive characteristics of the post-2001 era. The first one is the growing influence of the term “local governance,” and the second one is the loss of local government revenues vis-à-vis central government.

As Goodwin and Painter (1996: 636) put forth, “the concept of governance is broader than that of government. It recognizes that it is not just the formal agencies of elected local political institutions which exert influence over the pattern of life and economic make-up of local areas.” According to Göymen (2000: 8), the term “local governance” was introduced to Turkey via Habitat II in

1996. As a UNDP project, “local governance” projects have been implemented since 1997. Despite many attempts, because of the failure of the draft laws, realisation of the reforms through laws could not be achieved until the AKP government. In the AKP era, in the context of EU accession, “a direct impact of the LA-21 Program has been the establishment of City Councils which have been incorporated in Article 76 of the new Law on Municipalities.”⁸⁶ Key components of local governance are “partnership, participation in decision making, gender equality and accountability” according to UNDP. In line with the “governance comprehension,” civil society including private sector is of crucial importance for the local governance agenda.

There is a significant difference between new municipality movement of the 1970s in Turkey and “local governance” after 1995 in Turkey. According to Şengül (2001: 60, 93, 112-113), local governance aims at the “global” scale while the former is focused mainly on the national level. Distributional justice is replaced by identity politics which promotes non-economic targets such as women and youth, instead of the working class. Correspondingly, contentious politics based on “class struggle” is displaced by consensus-seeking politics with non-governmental organisations, including private sector. The form of participation diminishes, even excludes, the role of labour.

The second important character of the era is the diminishing scope of the revenues of local governments despite decentralisation discourse of the governments. Since 1997, there has been continuous decline in terms of local governments’ revenues in comparison with central budget. It shows that, the scope of the local governments (in the sense of their revenue) has become less vis-à-vis the scope of the central government (in the sense of revenues). Correspondingly, the revenues of the municipalities declined from 13.78% in 1997 to 9.77% in 2004 (which is nearly equal to the 1985 level). In terms of the

⁸⁶ <http://www.undp.org.tr/Gozlem3.aspx?WebSayfaNo=956> (16 June 2008).

revenues, there is a backward development as far as general budget is concerned. The reason why the Council of Europe (Knape and Stöckling 2005) does not criticize harshly in this context is that their reference is mainly to GNP share of local revenues. Indeed, local government revenues as a share of the GNP stabilised around 3.5-4%, which is the highest as far as 1980-2004 period is concerned. However, if looking at the comparative scope of both central and local governments, the main reference point should be the local government revenues' share vis-à-vis the central budget.

All in all, revenues of local government are not proportional to their functions. In Table 36, Hungarian local governments were compared to Nordic countries. When revisiting this table with reference to Turkey, it is seen that, except for education and minority rights, Turkish local governments assume all responsibilities. However, revenues of local governments are even less than one third of Hungary. It shows that decentralisation in Turkey has not been reflected to the financial power of the localities.

4.2. PUBLIC ADMINISTRATION REFORM, THE EU AND TURKEY

4.2.1. EU-RELATED ORGANISATION

The organisational pillar of EU (then EEC) and Turkey begins with the Ankara Treaty of 1964. The Inter-Ministerial External Relations Committee (IERC) was established in 1962 for supporting information about foreign aids and foreign governments irrespective of EEC relations. It was not until 1964 that it became an organisation which had the power to take decisions beyond coordination and consultancy on EEC relations (Bozkurt, 1994). In 1968, coordination of relations with the EEC was given to the SPO, and an EEC department was founded. However, there was an anti-EEC lobby in these times in which Turgut Özal, then undersecretary of the SPO, was included. That is why as

a counter move, he established Regional Cooperation for Development (RCD) department and brought some who were in close relationship with Islam world. (Kansu, 2004: 416)

The same decree made the Higher Planning Council responsible for those issues related to the EEC and the RCD. When these special issues were at the table, the HPC would be gathered with 10 ministers out of 22. Normally, they gathered with only with three ministers and three bureaucrats from the SPO at that time.

TABLE 86: EU-Related Organisation			
Year	No	Legislation	Organisational Arrangement
1964	6/2802	Council of Ministers Decree	Interministerial External Relations Committee
1968	6/9750	Council of Ministers Decree	European Economic Community and Regional Coordination for Development units were established within SPO; High Planning Council; Coordination Committee
1971	7/1801	Council of Ministers Decree	EEC Coordination Committee
1982	8/3967	Council of Ministers Decree	Directorate General of EEC was established within SPO
1986			Minister without portfolio in charge of relations with EC
1989	1989/4	Circular of Prime Ministry	Minister without portfolio and Deputy-Prime Minister in charge of relations with EC, Central Boards, Central Committees,
1989	367	Decree-law	EC Coordination Departments were established within ministries
1993	1993/32	Circular of Prime Ministry	Reorganisation of central boards; chief advisor to Prime Minister in charge of coordination and conducting EC related functions

Source: (Bozkurt, 1994: 4)

In 1971, the coordination committee established in 1968 took the name of “EEC Coordination Committee,” which became specialized on the EEC

removing the RCD issues from its agenda. The right to take decision was taken from the IERC to this committee (Bozkurt, 1994: 8-9).

In 1982, based on National Security Council's decision taken on 25 March 1981, with a Council of Minister's decree, the Directorate General of the EEC was established within the SPO and Rıdvan Karluk became the first General Director of this new organisation until 1985 (Karluk, 1998: 504).

The post-1986 era changed the structure of the Turkish way of dealing with EC relations. Turgut Özal,⁸⁷ who was previously critical of the EC, became one of the staunchest proponents of this supranational organisation. Before the application for full membership to the EU in 1987, towards the end of 1986, a minister without portfolio was appointed to be responsible for EC relations.

The table below shows the chronology of the first minister of state, Ali Hüsrev Bozer, responsible for EC relations. As can easily be inferred from the table, despite frequent changes in his positions (Deputy Prime Minister post in 1989 and Minister of Foreign Affairs post in 1990), he continued to be responsible for the EC relations until 1990.

TABLE 87: First Minister in Charge of EC Relations: Ali Hüsrev Bozer		
1 st Özal Government	Minister of State	17.10.1986 - 21.12.1987
2 nd Özal Government	Minister of State	21.12.1987 - 30.03.1989
2 nd Özal Government	Minister of State and Deputy-Prime Minister	30.03.1989 - 9.11.1989
Akbulut Government	Minister of State and Deputy-Prime Minister	9.11.1989 - 21.02.1990
Akbulut Government	Minister of Foreign Affairs	21.02.1990 - 12.10.1990

Source: Gathered by the author from <http://www.tbmm.gov.tr/hukumetler/hukumetler.htm>.

⁸⁷ According to Kansu (2004), Özal accepted that he was wrong when he was against the EC at the end of 1970s.

The 1989 circular of the Prime Ministry established Higher boards regarding EU relations. 1. EC Higher Board, 2. EC Coordination Board, and 3. EC Advisory Board (Bozkurt, 1994). With Decree-Law No. 367, another important step was taken in the course of organisational setting towards the EU via establishing EU coordination departments in nine ministries and two public agencies (State Statistic Institute and Undersecretary of Treasury and Foreign Trade).

TABLE 88: Confusion in the Leadership of the EU Relations		
Year	Legislation	Position-Person
1986		Minister of State
1989	1989/4	Minister of state and Deputy-prime minister
1990		Minister of Foreign Affairs
1993	1993/32	Chief advisor to prime minister
1997	1997/28; 1997/56	Minister of State
1999	1999/4; 1999/10	Minister of Foreign Affairs
1999	1999/35	Minister of State
2000	2000/3	Minister of Foreign Affairs

On 17 September 1993, this time, responsibility of conducting and coordinating EC relations was taken from the Ministry of Foreign Affairs to Chief Advisor to the Prime Minister. Central EC Boards were reorganized accordingly with the inclusion of the Chief Advisor. (Bozkurt, 1994) Until the establishment of the General Secretariat of European Union in 2000, the leadership position has been changed frequently as indicated before. Although so-called confusion continued even after 2000, the leadership position became stabilized.

Despite of the fact that relations between the EU and Turkey were deteriorated because of the non-acceptance of the EU to give Turkey candidate country status, post-1997 governments headed by Mesut Yılmaz and Bülent Ecevit did not stop working towards EU membership. Organisational changes in 1997 and 1998 can be seen as proof for this assertion. With the circulars of the

Prime Ministry in 1997, the Minister of State responsible was Şükrü Sina Gürel and his duties were explained clearly. Furthermore, EC related boards were reorganized under new names: 1. EU Coordination Board, 2. EU Advisory Board. Another circular of the Prime Ministry (No. 1998/31) underlines that despite the fact that Turkey fulfils its requirement emanating from the Partnership Agreement on the way of the EU, the EU itself did not show the same sensitivity. Nevertheless, this circular did promote acceleration of EU work in order to make Turkey's hand stronger in dealing with the EU in the future. Projects and drafts to be introduced were listed as attachments one of which comprises organisation for the sake of EU integration.

In 1999, a new era began for EU and Turkey relations. Within one year, chronic confusion of leadership continued and responsibility was taken and re-given later to the Minister of Foreign Affairs. The list of draft laws and projects were re-regulated with 1999/46 circular.

The year 2000 was the second turning point for EU-related organisation of Turkey. With the 2000/3 Circular, new organisations were introduced towards the EU. The first, the responsibility of coordination of external relations and negotiations was confirmed that it belong to the Ministry of Foreign Affairs. EU Common Foreign and Security policy responsibility was also given to the same ministry. The second, national programme was going to be prepared. Finally, with this circular, new organisation structures were introduced: 1. EC Internal Economic and Technical Coordination Board, 2. Internal Coordination and Harmonisation Committee, and Executive Secretary, 3. EU Advisory Board, and 4. Board of Consultants.

Another important development in 2000 was the Establishment of the EUSG (Secretariat General for EU Affairs) that ended the debate on the ownership of EU affairs regardless of the leadership debate. Law No. 4587

founded the EUSG, and the Circular No. 2007/17 attached this public agency to the Minister of State and Deputy-Prime Minister, Mesut Yılmaz. Because of the importance of this special EU-related organisation, this issue will be treated in detail.

4.2.1.1. STATUS OF THE EUSG

4.2.1.1.1. Situation in Administrative Reform Reports

In the KAYA (TODAİE: 1991: 149-154) report, establishment of the Central Coordination Unit was suggested. Regarding the leadership of EC relations, the Minister of State could have led the way which was contrary to the “then” situation in 1991, since between 1990-1993, the Minister of Foreign Affairs was leading EU affairs. Despite the fact that this report saw possible location of this unit under the Ministry of Foreign Affairs, the report was against such a possibility on the grounds that it would pave the way for founding a Directorate General which was not strong enough to coordinate the EU relations.

A special expertise commission on Turkey and European Integration (DPT, 1995: 19-22) proposed an institutionalisation under the leadership of the “Minister⁸⁸ of State”⁸⁹ responsible for EC relations with close contact with the Ministry of Foreign Affairs. Ministry of Foreign Affairs, the SPO, Undersecretariat of Treasury and Foreign Trade and other ministries would appoint specialists to work in this “institution.”⁹⁰ Thus, this report did not deal with the problem of the status of this “institution.”

⁸⁸ The report wrongly says “Ministry of State.” However, a Minister of State does not have a portfolio, thus organisation to call it as ministry”.

⁸⁹ During 1993-1997, Chief Advisor to the Prime Minister took the leadership.

⁹⁰ It does not propose a name as in the case of the KAYA report.

Another special expertise report on Turkey-EU Relations, mostly repeated what had been stated in the KAYA report. The reason is that the commission writing the sub-section of the report on EU-related organisation under the heading of administrative capacity was headed by the same Directorate General in 1991 who led KAYA report. The report elaborated the possible status of EU-related institution.

- i. Establishment of an EU ministry or undersecretariat
- ii. An organisation under the Ministry of Foreign Affairs
- iii. A new coordination unit affiliated with the Prime Ministry
- iv. There is no need for new structure
- v. Coordination unit consisting of specialist personnel assigned for a certain period with an adequate number from public institutions and agencies under the leadership of Deputy-Prime Minister.

The recommendation of the report was the fifth proposal, which is the elaborated version of the KAYA report. This time, the Minister of State should also be the Deputy-Prime Minister.

The Special Expertise report on “good governance in the public” (DPT, 2007) did not mention debates about the EU-related organisation. It is because the structure and functioning of the EUSG was rather unproblematic.

4.2.1.1.2. Debates in Parliamentary Commissions

The Plan and Budget Parliamentary Commission stated that the structure of “Secretary General” may pose some problems regarding hierarchy among public institutions and agencies; that is why the commission proposed “an EU-related ministry” or “Undersecretary.” The Government responded that

coordination is crucial and this necessity forces the solution of the structure of “Secretary General”. In a dissenting opinion in this commission, the presidency of EU relations affiliated to the Prime Ministry was proposed. Afterwards, it was suggested that it should be transformed to the Undersecretariat. The main reason for this proposal was to empower this EU-related organisation to take decision, rather than simple coordination.

4.2.1.1.3. Appointment of Secretary-General

Another point regarding the status of the new structure was status of the secretary-general. According to the Law No. 4587, “The Secretary-General for the EU shall be appointed from among the staff of the Ministry of Foreign Affairs at the rank of ambassador.” This means that the Secretary-General will be “foreign affairs” related. This was challenged by some of the members of plan and budget commissions as this was viewed as representing a “narrow point of view” that excludes other highly qualified civil servants. The government responded that since the General Secretariat will be in close contact with the Ministry of Foreign Affairs, and the ministry has been mostly responsible for conducting EU-Turkey relations before, it would be useful to appoint the ministry-related civil servant for “at least for a certain period.” With this regulation, the balance between the Prime Ministry and Ministry of Foreign Affairs could be established (when this organisation is affiliated with the Prime Ministry). On the one hand, expertise and experience of the Ministry of Foreign Affairs could be used; on the other hand, influence of the Prime Minister could be settled.

4.2.1.1.4. Affiliation of the EUSG

Another problematic part was related to the affiliation of the ABGS. According to Law No. 3046 (Article 10) agencies can be affiliated with a

Ministry (or Prime Ministry) with regard to their service and duty area. In that sense, the question of the affiliation is related to which Ministry or Prime Ministry should be responsible for the EU relations. This affiliation may be changed upon the request of the Prime minister and the approval of the president of the republic. It seems that AKP government prefers mostly the Ministry of Foreign Affairs. Between 2005 and 2007, the Minister of State Ali Babacan took the responsibility of EU relations and became the Chief Negotiator. After 2007 elections, Ali Babacan became the Minister of Foreign Affairs and continued to be the Chief Negotiator. As is seen, despite the change in the ministries, the responsible person for EU affairs did not change. So, stable EU-related organization continued during AKP era.

TABLE 89: Affiliation of the EUSG			
Year	No.	Legislation	Affiliated to
2000	4587	Law	Minister of State and Deputy-Prime Minister
2003	D-1-2003-362	Presidential Memorandum	Minister of Foreign Affairs
2005	D-1-2005-442	Presidential Memorandum	Minister of State
2007	D-1-2007-544	Presidential Memorandum	Minister of Foreign Affairs

At this point, it is important to explain why the Ministry of Foreign Affairs is important regarding EU relations. According to Law No. 1173 adopted in 1969, the duty of conducting and coordinating international relations, including “contact and negotiation” was assigned to the MFA. This duty was also stated in another Law on Organisation and Duties of the MFA, No. 4009 (Article 2/d) of 1994. In this context, as part of the international relations, EU relations were supposed to be assigned to the MFA. Nevertheless after 1987, mostly the Prime Ministry dominated the process, but in “close relation” with the MFA. It was thought that for the sake of the coordination of EU affairs would be proper under the influence of the Prime Ministry. (Appointment of a MFA civil servant for the Secretary General is part of this “close relation.”) That is why, as far as

Turkey is concerned, affiliation did not matter much, since the Prime Ministers backed each Minister of State responsible for the EU relations or Minister of Foreign Affairs.

Another institution related to EU affairs should be mentioned. The SPO has always been important in terms of the EU. That is why, the EEC unit was first established in 1968 under the structure of the SPO, or directorate General of EEC was established in 1982 far before anywhere else. The main reason is that after 1960, Turkey passed to the planning era, and the SPO emerged as the main institution. According to Law No. 1173 of 1969, the Council of Ministers could establish an “interministerial committee” regarding international relations. The SPO took active responsibility not only in these coordination committees, but also in other institutions such as the EUSG. According to the justification of Law 4587, Article 5, the SPO is listed among the most important institution regarding EU-Turkey relations. In line with this reasoning, Article 3/4 puts forth that, “one Deputy Secretary-General shall be appointed from among the staff of each of the following institutions: The Ministry of Foreign Affairs, the State Planning Organisation, the Undersecretariat for Treasury and the Undersecretariat for Foreign Trade.” Apart from this involvement, the Foreign Affairs Commission in the National Assembly was gathered with the representative from the SPO. Thus, the SPO involved in the legislation process of the EUGS. The SPO also assumed the responsibility of regional policies in the course of EU integration.

The Chart 2 summarises specific and generic administrative reform in Turkey in the context of the EU accession process. Thus far, the General Secretariat has been explained. Other elements of the EU-related organisation are as follows: Internal Coordination and Harmonisation Committee, Reform Monitoring Group, Monitoring and Steering Committee.

Internal harmonization is carried out by the internal coordination and harmonization committee composed of representatives of the ministries and public organizations which were responsible for conducting legislation approximation with the circular issued in January 2000. One more step was taken with the decision of the EC-Turkey Association Council in April 2000. Eight sub-committees⁹¹ were established “to monitor progress in Turkey’s legislative approximation to the Community acquis including implementation and enforcement and to monitor progress made by Turkey in the implementation of the priorities of the Accession Partnership” (European Commission, 1999: 118). Like Hungary, Turkey dealt with EU accession by means of inter-ministerial organization. However, unlike Hungary, Turkey did not create a separate and specialized cabinet within the council of ministers.⁹² Instead, Turkey created a reform monitoring group⁹³. The group convened for the first time on 18 September 2003 and held its 11th meeting on 18 September 2007.⁹⁴

When the accession talks began, the Monitoring and Steering Committee was established with the leadership of the Chief Negotiator, who is currently holding the position of the Minister of Foreign Affairs.

⁹¹ 1. Agriculture and Fisheries, 2. Internal Market and Competition, 3. Trade, industry and ECSC products, 4. Economics and monetary issues, capital movements and statistics, 5. Innovation, 6. Transport, environment and energy, 7. Regional development, employment and social policy, 8. Customs, taxation, drug trafficking and money laundering.

⁹² It should be underlined that “EU related reforms and their implementation has been a permanent item on the weekly agenda of the Council of Ministers since December 2003 (...) and the cabinet has also received regular briefings about the state of play of the implementation of the reforms” (European Commission, 2004: 20).

⁹³ It is “chaired by the Minister of Foreign Affairs, and it is comprised of the Minister of Justice and the Minister of Interior, senior officials from the three ministries concerned as well as other officials including the Secretary-General for and Head of the Human Rights Presidency (...) to overview the progress in the actual implementation of the reforms” http://www.mfa.gov.tr/human-rights_policy-objectives-and-developments.en.mfa (16 June 2008).

⁹⁴ <http://www.euturkey.org.tr/index.php?p=41000&l=1> (16 June 2008)

The Committee comprises the Secretary General for EU Affairs, the Deputy Undersecretary of the Foreign Ministry, the Deputy Undersecretary of the State Planning Organisation, the Deputy Undersecretary of the Office of the Prime Minister and Turkey's Permanent representative to the EU. (European Commission, 2006: 6)

Regarding the functioning of this system, the Chief Negotiator, Ali Babacan, declared one deficiency that: some public organizations did not even inform the committee of their negotiations with the EU institutions.⁹⁵

⁹⁵ <http://www.abgs.gov.tr/index.php?p=40738&l=1> (16 June 2008)

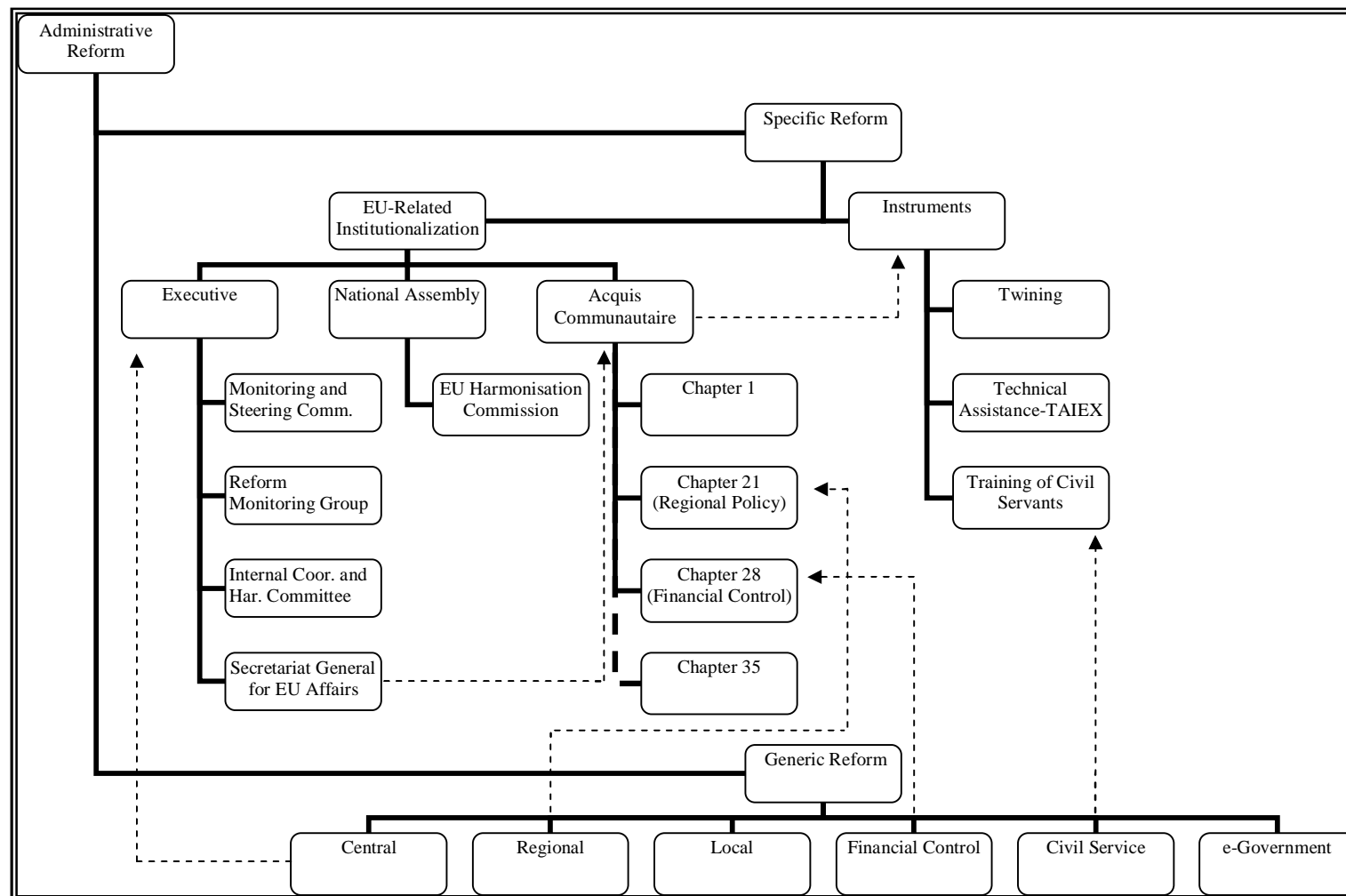


Chart 2: Specific and Generic Administrative Reform in Turkey in the Process of EU Accession, 2008.

Just like Hungary, Turkey established a standing committee in the National Assembly. The EU Harmonization Commission examines the draft bills and proposals of law in collaboration with the invited experts from the public bodies.

Regarding the instruments, the first difference between Hungary and Turkey was that pre-accession instruments of PHARE, ISPA, and SAPARD etc. were substituted with “the Instrument of Pre-Accession Assistance” (IPA). (Tecer, 2007: 230) The second difference is that Turkey did not start “post-accession transition facility” in that it has not become a member yet. Other instruments are similar with that of Hungary: Twinning, TAIEX, and Training.

Generic reform and specific reform are intertwined as in the case of Hungary. Especially reforms related to regional level and financial control are mostly carried out on the basis of EU-related organizations such as regional development agencies and internal-external audit units. The main difference between Turkey and Hungary does not lie in establishing EU-related institutions, but rather in the content of the reforms. Unlike Hungary, NPM-related reforms and public expenditure cut policies have dominated the reform agenda in Turkey even before membership.

4.2.1.2. NATIONAL PROGRAM AND AFTERWARDS: EQUALISATION OF ADMINISTRATIVE REFORM WITH EU INTEGRATION

Rapid developments in 2000 continued after the establishment of EUGS with Circular No. 2000/22. Apart from anything else, the importance of this document is that from now on, the officially administrative reform process was equalized with the EU integration process. All of the drafts prepared by public institutions and agencies will be examined in terms of compliance with the EU legislation, and if necessary it will be sent to the EUGS in order to forward it to

the Ministry of Foreign Affairs. This part will be developed in Decree No. 2001/2159 of the council of minister with the national program. All programs including 2001 program and 8th five-year development program should be prepared in line with the national program. Thus, like Hungary, the national program became the main terms of reference of the Turkish governments. Furthermore, the decree (Article 8) states that draft laws will be analysed in terms of compliance with EU aquis under the coordination of the EUSG, provided that modification of the present laws or a new law is foreseen by the public institution and agencies. The same policy has been followed by the AKP with Decree No. 2003/5930 of the Council of Ministers, and Circular No. 2004/20. The decree added “objectives of national program” as a condition for modification or a new legislation. Furthermore, it added that in considering drafts, the General Secretariat’s opinions should be sought, and only after that should it be sent to the Prime Ministry. The circular mostly reiterated this point by clarifying that the opinion of the General Secretariat should be positive; that is to say, if negative opinion exists, then the draft cannot be sent to the Prime Ministry. Not only specific but also generic administrative reform was also added to the 2003 revised version of the Turkish NPAA.

Another point regarding administrative reform comprehension towards EU integration is that both the Ecevit and AKP governments equalized regulatory reforms with the EU. In terms of competition policies, the opinion of the Board of Competition should be taken into consideration according to Circular No. 2001/0. Especially with regard to Circular 2001/12, the government wanted to include Turkey in the OECD regulatory reform program as a case study in addition to England, Canada, and Poland on the grounds that it could contribute to the adaptation to the EU. With this circular, “Interinstitutional coordination committee of reform in regulations” was established and was broken into work groups as follows: 1. Administrative capacity, 2. competition policy and its

implementations, 3. provision of transparency and liberation in the market, 4. telecommunication sector.

TABLE 90: Administrative Reforms According to the 2003 NPAA

Financial Control

Transition to Strategic Planning in the Ministries and Public Sector Institutions

“Performance Based Budgeting” in Public Financial Management

Extending the Scope of Budget and Financial Transparency

Strengthening the Governance of State Economic Enterprises

Strengthening of Governance in Public Administration

Basic Law on Public Administration

Institutional Revision

State Personnel Regime Reform

Local Administrations Reform

Regional Development Agencies

Citizen’s Right to Obtain Information

E-Turkey Project

Definition of Ethical Rules in the Public Sector

Rationalisation of the Public Sector Investment Programme

Source: Decision of the Council of Ministers Dated 23 June 2003 No. 2003/5930, italics are original.

The AKP government adopted this strategy and set up a “better regulation” work group in November 2004. Based on Decision No. 2005/9986 of the Council of Ministers, with the 24th article of the regulation on procedures and fundamentals of preparing legislation published on 17 February 2006, regulatory impact analysis became compulsory for the draft laws and decree-laws whose economic impact is expected to exceed 10 million YTL. The Guide on Regulatory Impacts Analysis was attached to Circular No. 2007/6.

4.2.2. POST-2002: AKP AND ADMINISTRATIVE REFORM

The AKP period starting with the prime ministry of Abdullah Gül continuing with Recep Tayyip Erdoğan's leadership, followed coherent policies regarding the implementation of neo-liberal policies. The regulatory role of the state was reinforced with the stress on privatisation. The following example can show the importance of the privatisation for the government: Privatisation revenues in 2003 were four fold when compared to total privatisation revenues between 1985 and 2002. (Government Program, 2007) The role of the state was restricted to justice, security, strategy, macro-economic stability, infrastructure and control. Only "basic services" in education and health were included in this new role. Furthermore, amelioration of social and regional inequalities was also considered the government's duty. Neo-liberal comprehension substituted laissez-faire non-interventionist policies with balanced state regulation. Governance was adopted as being the main guide for public administration reform with reference to its principles such as accountability, participation, transparency (AKP Program, 2001). Nevertheless, this governance understanding is not limited with these principles. New public management and total quality management were basic tools for public administration reform. The state-market-society triangle expresses their point of reference. It is possible to argue that the AKP presents the most extensive administrative reform program and implementation ever after 1980. Now the AKP's administrative reforms will be evaluated in the context of the EU.

Before explaining "generic" administrative reforms conducted by the AKP, what the EU expects from Turkey should be mentioned. According to Accession Partnership Document (European Commission, 2008: 3) priorities related to public administration are as follows:

- Pursue reform of public administration and personnel policy in order to ensure greater efficiency, accountability and transparency.
- Strengthen local administrations by reforming the central administration, devolving powers to local administrations and providing them with adequate resources.
- Implement legislation aimed at establishing a fully operational ombudsman system.
- Adopt and implement legislation on the Court of Auditors.

What is crucial here is that these priorities are mostly related to principles of “good governance”: Efficiency, accountability, transparency, decentralization etc. Specific reference to ombudsman system and Court of Accounts/Audit is also related to these principles especially “accountability.” Next sections will explain Turkish administrative reform process in the context of EU accession.

4.2.2.1. THE LAW ON THE MAIN PRINCIPLES AND THE RESTRUCTURING OF THE PUBLIC ADMINISTRATION

Despite its crucial importance, the Framework Law on Public Sector Reform⁹⁶ was not put into practice because it was returned to the National Assembly by the president. Although the National Assembly could have re-sent it to the president, the government in power did not choose this way. Instead, the AKP preferred to implement the framework law via splitting it into many pieces of laws. Indeed, most of the regulations adopted by the framework law have been legalized via separate and different laws, e.g. internal - external audit,⁹⁷ strategic planning,⁹⁸ establishment of strategy development units,⁹⁹ regulatory impact

⁹⁶ Law No: 5227, date: 15.07.2004. (returned by the president of the republic) Earlier name was “Public Administration Basic Law.” Current name is “The Law on the Main Principles and the Restructuring of the Public Administration”.

⁹⁷ Law No: 5018, date: 10.12.2003.

⁹⁸ Higher Planning Council, Decision: 2003/14 and 2004/37.

⁹⁹ Law No: 5436, date: 22.15.2005.

analysis,¹⁰⁰ right to information,¹⁰¹ ombudsman,¹⁰² local governments,¹⁰³ etc. Therefore, the framework law is still important for the ruling government and for the European Commission as well. Since the 2007 Progress Report still refers to this law with a negative evaluation of “no progress” (European Commission, 2007b: 8), it proves that the EU is still supporting this law. So, this text is still important for understanding Turkey’s public administration reform efforts for the sake of EU membership. Because, the framework law was expected to be the basic legal tool of the government to realize EU membership prospective. The 2004 Regular Report (European Commission, 2004: 21) was confirming this idea by stating that “a successful reform would underpin Turkey’s future EU accession efforts.”¹⁰⁴ In this context, it was part of the “specific reform” process. On the other hand, it was part of the “generic reform” process since it was important for “modernising Turkey’s administrative culture” and “upgrading the public administration to modern standards and practices” (European Commission, 2004: 21). As such, Europeanisation and modernisation efforts overlapped just as in the case of Hungary.

An analysis of this law can support the assumptions of this study as follows: Although the EU does not suggest a specific public administration model, any model which is in line with the European governance is welcomed by the EU. For example, the subsidiarity principle adopted by the law is part of the model recommended by the “Council of Europe.” Better regulation is part of the

¹⁰⁰ “By-Law on Procedures and Principles Regarding Legislation Preparation” (Artcile 24, 17/2/2006); Circular of the Prime Minister, 2007/6.

¹⁰¹ Law No: 4982, date: 9.10.2003.

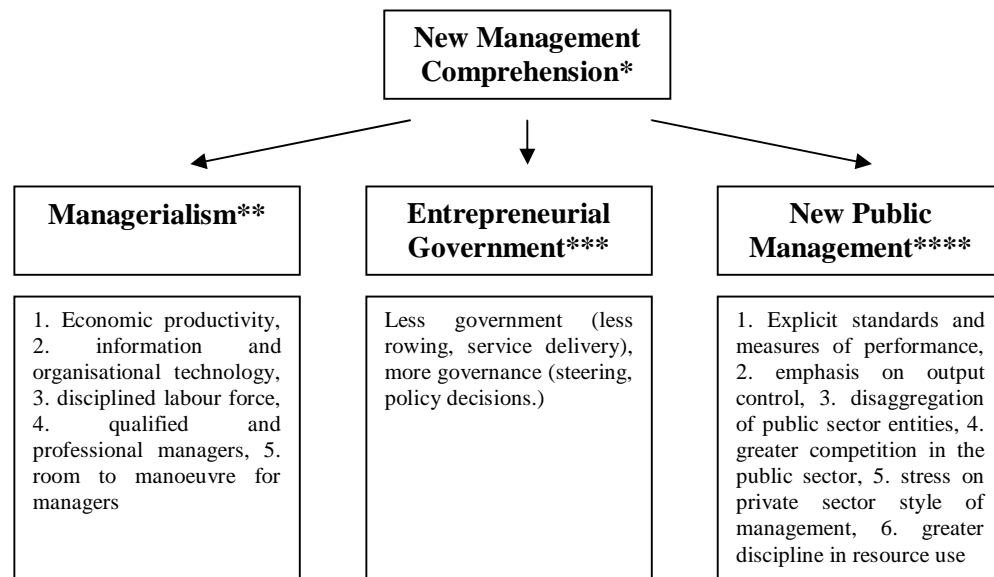
¹⁰² Law No: 5548, date: 28.9.2006.

¹⁰³ Law No: 5302, date: 22.5.2005; law no: 5216, 10.7. 2004; law no: 5393, 3.7.2005.

¹⁰⁴ “Centrepiece of the reform process” was in line with the principles of European governance since it included “a new distribution of duties and powers between local and central government, for rationalizing administrative bodies and for an increased responsiveness and transparent vis-à-vis the citizen.” (European Commission, 2005: 11)

European governance; however, regulatory impact analysis is mainly “OECD” method. Financial audit is also supported by the EU for the sake of transparency and accountability; however, it is based on “INTOSAI” standards. It is clear that, the law is a combination of models and principles supplied by international organisation such as the Council of Europe, the OECD, and the INTOSAI.¹⁰⁵

FIGURE 19: New Management Comprehension



* Eryılmaz (2002: 234), ** Üstüner (2000: 21), *** Osborne ve Geabler (1992); ****Hood (1991: 4-5)

In the introduction it was already mentioned that the reform comprehension in Turkey is based on the new management comprehension which is, indeed, equal to one of its founding elements, that is, new public management. In order to understand the influence of the NPM, first, the law in terms of this new management comprehension will be analysed. Afterwards, the reactions of business organisations and trade unions will be considered to understand the social basis of the reform.

¹⁰⁵ The law does not contain references to the “social” ILO model. It shows that European governance presents such loose principles that they can easily be interpreted for the sake of neo-liberal aims.

Before evaluating the law text, concepts and principles used in Figure 19 should be explained since they will be referred (i.e. Table 91) with regard to the law.

Politt summarizes the main principles of new scientific management as follows: “1. Economically defined productivity, 2. information and organisational technologies as well as the technological hardware, 3. a labour force disciplined in accordance with the productivity, 4. the quality and professionalism of managers, 5. room to manoeuvre for managers i.e. right to manage” (quoted by Üstüner, 2000: 21). As is seen, scientific management is nothing but a re-assessment and re-introduction of Taylorism claiming “one best way” thanks to scientific method that brings science and the workmen together. One of the main characteristics of Taylorist organisation is that Taylor shifts all responsibility to the manager who should do “all the thinking relating to the planning and design of work, leaving the workers with the task of implementation” (Morgan, 1997: 23). Thus, “thinking” and “doing”, that is head and hand, should be differentiated and specialized by means of scientific management in order to improve efficiency of the work.

As to entrepreneurial government, this principle is introduced by Osborne’s and Gaebler’s (1993) reinvention of government. It is the combination of the principles below: 1. Catalytic government, 2. community-owned government, 3. competitive government, 4. mission-driven government, 5. results-oriented government, 6. customer-driven government, 7. enterprising government, 8. anticipatory government, 9. decentralized government, 10. market-oriented government”

New public management gains its meaning in this framework. It is a response to the crisis which occurred in 1970s that promoted adoption and incorporation of private sector based values in public administration with “three Es”: *Efficiency, Effectiveness, and Economy*. The prescription given by NPM is

as follows (Hood, 1991: 4-5): “1. Professional management. 2. explicit standards and measures of performance, 3. emphasis on output control, 4. disaggregation of public sector entities, 5. greater competition in the public sector, 6. stress on private sector style of management, 7. greater discipline in resource use. As will be shown, these principles are reserved and kept in the law concerned.”

Finally, “good governance” introduced by the World Bank is an attempt to understand why some countries have failed to develop. As Kjaer (2004: 138-139) asserts, “the answer was ‘bad governance,’ understood as self-serving public officials and corruption in the public service. Thus, the recipe for the developing countries was to increase transparency and accountability in the public sector.”

Since the pillars of and the philosophy behind the reform is revealed, from this point on, it needs finding the relevant articles related to this new management comprehension.

From the very beginning, using the term “management” in the law text discloses its stance in favour of the NMC.¹⁰⁶ According to Ömürgönülşen (2003), “‘administration’ is derived from the terms *minor* and *ministrare* and means ‘serving.’ Administration is the implementation of predetermined rules, processes and procedures in the framework of functions, duties and responsibilities. As to ‘management,’ it is derived from the term *manus*, and means controlling, steering and achieving to goals. Management expresses the execution of the duties and activities, in line with the efficient and effective realisation of common goal. Indeed Eryılmaz (2002) puts forward this distinction concerning the NMC. Public administration is the steering of the state of affairs according to processes, methods and rules. On the other hand, management does

¹⁰⁶ This revision of the word cannot be presented as simplification in language since law-makers do not have such a concern. They only simplify the key concepts like management, human resources which lie at the hearth of the new public management. Thus, it should be read as a pro-managerial stance.

not run in accordance with written instructions and directives. It is based on human resources determining the goals and priorities and whose work is measured by means of performance. Thus, preference of management instead of administration stems from the adoption of new public management and management comprehension.

The law (Prime Minister's Office, 2003: 68) promoting the NMC claims that it

1. respects the market and uses the market tools as much as possible.
2. allows a wide range of area for non-governmental organisations
3. brings local and decentralized structures to the fore
4. focuses on the privileged areas in accordance with the strategic management and bases on performance and quality
5. diffuses and uses information technologies in all processes of administration
6. favours shortness and simplicity in legislation
7. necessitates horizontal organisational structure and delegation of powers
8. constitutes the necessary trustworthy conditions and mechanisms for the sake of participation
9. increases the accountability
10. believes that everybody has a right to get information
11. endeavours to develop and strengthen human resources.

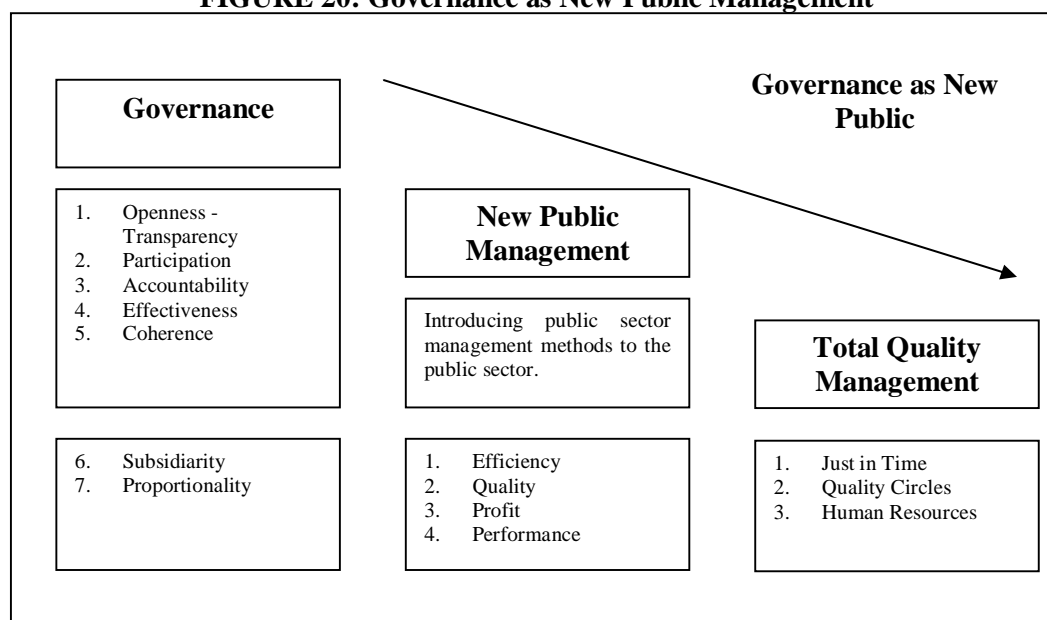
The law begins with the key concepts of European governance: participation, transparency and accountability. Later, it continues with the concepts of the NPM: quality, efficiency and effectiveness.

Article 5, the main principles of the structure and steering of public administration, is one of the most explicit articles of the law that embodies the NMC. This article reiterates the principles of European governance and the NPM. Emphasis on output control stipulated in 5/b is one of them. Another characteristic of the NPM, the definition of explicit standards and measures of performance, is placed in article 5/c. Strategic planning mentioned in article 3/c

gains value in this context. By strategic plan; procedures, methods, and goals are to be determined. Such a situation actually will logically bring greater discipline in resource use as in 5/c and 5/i. It is certain that the public sector is not to be anticipated as an active producer in the market since public bodies and institutions cannot establish firms, cannot produce goods and services, and cannot allocate personnel, tools and equipment within the areas that are not concerned directly. In line with this understanding, disaggregation of public sector units finds location in Article 5/l. Greater competition in the public sector is mentioned by means of Article 11 which states the necessity of doing public affairs with the help of the private sector.

TABLE 91: Principles of Governance and the NPM in Law 5227	
Principles	Articles
Participation	1, 5/b, 5/f
Transparency	1, 5/b
Accountability	1, 5/b
Subsidiarity	5/e, 6-8
Proportionality	8, 10
Strategic Planning	3/c
Emphasis on Output Control	5/b
Disaggregation of Public Sector Units	5/l
Greater Competition in the Public Sector	11
Greater Discipline in Resource Use	5/c and 5/i
Explicit Standards and Measures of Performance	5/c

FIGURE 20: Governance as New Public Management



Article 5 also lays some of the principles of European governance down such as participation (5/f) of non governmental organisations in decision making processes regarding public services. Sections 5/g and 5/j, in line with the principle of transparency, underline the right to gather information and the necessity and right to know the administrative procedures and standards beforehand.

Furthermore, the subsidiarity principle, which is the complementary principle of the governance, has a special place in the law. Debate on the subsidiarity principle will be made in the section related to local government reform below. Here, it is enough to put forth that the subsidiarity principle which implies the national partition of competences in favour of localities is regulated in the Articles of 5/e, 6, 7 and 8. Another complementary principle, that is, proportionality is arranged in article 8. The centre can only intervene into the affairs of local government in proportion to the extent of the disruption.

4.2.2.1.1. Business Organisations

In the previous section, the general philosophy of the government regarding the reform law was explained. In this section, TÜSİAD's (Turkish Industrialists' and Businessmen's Association) and MÜSİAD's (Independent Industrialists' and Businessmen's Association) opinions will be analysed. What is crucial here is that both of them share the same philosophy and comprehension. For example, as to MÜSİAD, it seems that there is no deficiency in the reform. According to MÜSİAD (2004) the main problem of Turkey is that although there is a need for reform, there have been no successful reform initiatives. However, many countries responded to the 1970s crisis, and pursued successful reforms. The reason why the reform efforts have not been successful is the absence of a clear philosophy and model.

As for TÜSİAD, it praises the draft law in several respects: It is participatory, output oriented, citizen centred, transparent, efficient, and respectful of human rights. For TÜSİAD, efficient and effective public administration can only be achieved through restricting the central administration to regulatory functions on the market. Decentralisation is another positive aspect of the reform according to TÜSİAD because it increases the strategic effectiveness of central administration and operational flexibility of local governments. When considering Özilhan's opinion regarding the principles of the public reform, the similarities can be seen¹⁰⁷ between the government and TÜSİAD. TÜSİAD (Özilhan: 2003) demands that NGOs should not only be

¹⁰⁷ Although from the general perspective, TÜSİAD shares the same view with that of the government, there still remain some points to be criticized. According to Sabancı (2004), local services should be controlled legally within the framework of national principles, objectives and standards. However, the basic law does not contain adequate regulations to supervise local governments for the sake of compliance to national standards and administrative unity might be damaged. Another critique directed by TÜSİAD towards the government is related to the ombudsman. Although TÜSİAD supports such an initiative, it criticizes the way of doing it. As a rule, ombudsmen should legally be independent and should politically be chosen by the parliaments. However, the reform text does not guarantee such a neutrality and independence.

incorporated through consulting mechanisms, but also decision making procedures. Thus, participation should be material and effective. In order to do so, it should be materialized by way of legal and administrative mechanisms. Transparency and accountability are two of the most cited principles for TÛSİAD, which is in line with that of the reform. Introduction and amelioration of the merit system are of crucial importance for TÛSİAD. What is understood by the merit system is employment and promotion according to performance, and reduction of inert employees in the public sector.¹⁰⁸ To bear this system, administrative capacity should be improved and investments to human resources should be promoted. Another suggestion exactly reflects the same philosophy of the government that Total Quality Management should be incorporated into the public sector. It is the result of seeing “governance as new public management” (Rhodes, 1996: 655). As to central administration, it should be decentralised and its organisation should take economic rationalities into account. Furthermore, the struggle against corruption should be continued with the help of NGOs. No deviation should be permitted from the principle of closeness to those who obtain public service. Finally, e-government practices should be developed with the participation of NGOs.

Briefly, it is possible to put forth that TÛSİAD and the government have the same liberal philosophy, and there is no any conflict over the principles of the reform. However, if there is a disagreement between them, the government is of influential in shaping the outcome of the reform. Finally, MÛSİAD is in full agreement with the government due to its liberal, and conservative stance.

4.2.2.1.2. Trade Unions

When examining the restructuring process, it looks as if the language of the reform attempts to realize multiple partnership and precedence of general

¹⁰⁸ According to TÛSİAD, social measures should be taken for those who will lose their jobs.

interest over particular interest. The first phase of the reform is to create an ideal model, and the second is to revise this so-called ideal model. Finally, the third phase is to share the reform text with the public opinion. Stress on the broadness of the social basis creates an expectation for an extensive base for the preparation and formulation phase. However, those who participated in the workshops are as follows: “TODAİE, Bilgi University, TESEV, TOBB, TÜSİAD, and political parties” (Prime Minister’s Office, 2003). Interestingly enough, there was no representative from trade unions. Indeed KESK (Confederation of Public Employees Trade Unions) criticizes the government in that “preparing the draft law, although they have addressed to the opinions of the employers’ associations, they have not asked for any contribution from our confederation in any level and they have not addressed to our opinions.”¹⁰⁹ However, they claim that the draft law and the general reform process are of KESK’s direct concern. KESK continues that although they have appealed to the government for their presence in the preparation process, the government gave no response to them. The same situation has occurred in health reform programs. Contrary to the commitments of government to the participation principle, the government did not consult the opinion of the TTB (Union of Turkish Doctors) and trade unions while preparing a transformation program related to health. KESK concludes that the term participation first of all means consultation to “capital organisations and conformist NGOs.” Finally KESK, decided to complain about the Turkish government to the ILO Committee of Experts. The critique by KESK may reveal how “loose” the principles of good governance can be. Although “participation” is one of the basic principles of the good governance and the law, the government excluded trade unions.

KESK pays special attention to the principles included in the law which do not refer to the “social state.” It is argued that since the preference of the reform is a regulatory/referee state instead of a social one, the state is assumed as

¹⁰⁹ <http://www.kesk.org.tr/kesk.asp?sayfa=ceviri&id=46> (16 June 2008)

a function to create and protect the competitive market conditions rather than to protect the least advantaged parts of the society. For KESK, the principles of European governance have a different agenda in the reform just like the term participation as was explained before. In addition to misuse in the participatory process, according to KESK it is the participation of “customers” with their financial power in the public service. Participation is related to those who have money. As for the “transparency,” it means for the Turkish state to be open and responsive to the international finance organisations such as IMF, the WB, etc. “Accountability” has also different meanings since the government plans to transfer auditing function to private auditing institutions (see Article 40). Thus, the question becomes as follows: “participation, transparency, and accountability for whom?”¹¹⁰ The problem here for KESK is the hollowing out the social state and the economically powerless parts of the society. For example, regulatory impact analysis (5/1) displaces society from preparing laws since the main motive behind the law will be cost and benefit analysis. The common problem for trade unions was the release of every kind of privatisation by the government without limit.¹¹¹

Another important criticism directed at the law was the flexible employment and inadequate job security. KESK calls for strengthening public employees’ trade union rights. Such a demand is backed by the Committee of the Experts of ILO.¹¹²

¹¹⁰ For extended argumentation see Güler (2005: 31-74).

¹¹¹ Such a general permission to privatisation is withdrawn due to contradiction to the constitution.

¹¹² Some problems related to these rights are as follows: “the exclusion of certain categories of public employees from the scope of Act No. 4688 and therefore from the right to organize (sections 3(a) and 15); the suspension and termination of a union officer's mandate in case of candidacy to local or general elections (section 10); the right to bargain collectively (section 28); and the absence of recognition of the right to strike of public servants who are not exercising authority in the name of the State and who cannot be considered to be carrying out essential services in the strict sense of the term. Further, the Committee pointed out that sections 14 and 30 of Act No. 4688 did not contain sufficient guarantees to ensure a fully objective determination of

In line with the neo-liberal stance of the government, flexibility has been incorporated into the law via Article 46. KESK critically states that flexible employment would cause one sided and arbitrary rules, and even minimum legal guarantees could be threatened, i.e., absence of job guarantee, changeable wages and working hours. Indeed, the public personnel draft law promotes contractual personnel with the intention of abolishing life-time employment guarantee as is explicitly stated in the reason of the 46th article of the law. Those who have been previously working under the title of official now become contractual personnel as in the case of all kind of health personnel, religious personnel, etc. Contractual personnel's contracts will be one year long, and they can only be promoted to the "permanent contractual personnel" status after working 10 years with contracts (Erdoğan, 2004). The main problem for contractual personnel here is that fulfilling one year is enough to be dismissed without reference to any other reason. Only ten-year-working permanent contractual personnel cannot be dismissed without reason. Furthermore, like officials, contractual personnel will not have a right to collective action and to strike.

Another important opposition to the law stems from the suspicion of federation. Above all, the first title of the law was the "basic law." The term basic law was not common in Turkish legal systematic since it envisages or pretends as if the basic law is superior to other laws like federal laws in federal states. Although it is possible to find two basic laws in the Turkish legal system¹¹³ (National Education Basic Law - 1973; Health Services Basic Law -1987), the government has changed the name of the law and removed the term basic law. However, federation debates did not end due to the subsidiarity principle. It is

the most representative union (See 330th Report, para. 1098). Finally, the Committee emphasized that legislative measures should be taken to ensure an effective protection of public servants against all acts of anti-union discrimination (see 330th Report, paras. 1101 and 1102)." Committee on Freedom of Association Report, No. 334, *Turkey (Case No. 2200)*, Vol. LXXXVII, 2004, Series B, No. 2.

¹¹³ According to Demir (2004), the term basic law signifies basic principles, but not hierarchical superiority.

claimed that subsidiarity principle is intrinsic to federal states, so unitary states cannot adopt such a principle. (Güler, 2000: 22) The next section will be related to these debates on local government.

4.2.2.2. LOCAL GOVERNMENT REFORM

The basic critique of the EU reports is the strength of the centre control over local governments (European Commission, 2000b: 12). It was not until the 2005 report that the EU mentioned “some progress” (European Commission, 2005: 11) with reference to the laws adopted on local governments. There were two basic critiques (European Commission, 2007b: 8). The first is that Turkey did not adopt the framework law. The second is that adequate financial sources were not allocated to local governments. Apart from these critiques, local government reform was mostly welcome by the Commission on the grounds that

The reforms have introduced, in particular, strategic planning requirements, emergency planning, debt and borrowing limits, performance based budgeting, annual activity reports and the creation of audit commissions. Provisions have also been introduced allowing voluntary participation of local residents in service delivery. Moreover, city councils have been created, with members drawn from civil society, in order to promote participation and consultation. (European Commission, 2005: 12)

The 2008 Accession Partnership (European Commission, 2008: 3) document wants Turkey to implement the reforms that have been adopted in recent years: “Strengthen local administrations by reforming the central administration, devolving powers to local administrations and providing them with adequate resources.” At this point, it seems that the EU favours the Council of Europe model up to a certain point.¹¹⁴ That’s why it is useful to evaluate local

¹¹⁴ Firstly, the EU does not refer to the subsidiarity principle in the sense of the European Charter on Local Self-Government. Secondly, the EU report does not make a differentiation between

governments in Turkey in the light of the EC documents. Reference to the Council of Europe is also crucial, in terms of local government reform in the EU integration process due to the fact that the AKP government bases its reform efforts on the European charter of local self-government. Correspondingly, in the decree of the Council of Ministers related to the adoption of the European Acquis, local government reform is handled with reference to the charter. Thus, there is a direct link between the Council of Europe and the European Union in terms of local government reform.

According to the Council of Europe (1997), in order to be labelled as democratic decentralisation, local government reform should aim at democratically elected local self-governments instead of local authorities whose chairman is appointed agent of the central administration. In the Turkish case, the Council of Europe criticizes draft laws proposed between 1999-2001 by the Council of Ministers, as strengthening governors, on the grounds that the governor is neither elected nor can be removed via election. Only if the office of the chairman of special provincial council is separated from the governor can such a regulation be evaluated as local government reform. At least the transfer of power should be made to a democratically-elected council. Otherwise, despite being a positive step, it is nothing to do with autonomy of the localities. These points will be taken into account by the AKP government as will be discussed below.

The second important point in the reports of Council of Europe is administrative trusteeship in Turkey. According to the Report, Article 127 of the Constitution gives the centre the authority to control local governments which may go beyond “legality control.” However, according to the report, expediency control is not acceptable, and contrary to the charter. What is important is that the

“special provincial administration” and “municipalities.” Above all, the EU report praises NPM related suggestions such as performance planning requirement and performance based budgeting.

report explicitly puts forth that "the principle of the integral unity of the administration (...) might, in the end, be contrary to the principle of subsidiarity which underlies the European Charter on Local Self-Government" (Council of Europe, 1997). One possible solution to this potential clash is to reduce controlling authority to "control of legality." Clear reference to subsidiarity, or better to the charter, is another suggestion of the Council.

The main reason for the argumentation of "expediency control" going beyond control of legality is the "right of the Minister for the Interior to remove from office organs of local administration."¹¹⁵ Such a decision should be left to the judiciary which should also be able to make quick provisional decisions, at the request of the competent state organs." The minister used this right 32 times between 2002 and 2004 (Knape, and Stöckling, 2005).

Apart from this right, it is possible to argue that, in Turkey, "administrative trusteeship" as a rule, should not be used as an infringement of the autonomy of the local governments since trusteeship includes power to approve, not to approve or to postpone. Such powers of the centre are not limitless and discretionary, and its objectives should be based on law. According to the constitutional law, as a rule, administrative trusteeship authorities cannot take decision substituting local self-governments (1987/18). Nevertheless, The Constitutional Court leaves an open door for the control of expediency as saying that such a control is mostly qualified as control of legality, but sometimes as control of expediency (1984/12).

¹¹⁵ Article 127/3: The procedures dealing with objections to the acquisition by elected organs of local government or their status as an organ, and their loss of such status, shall be resolved by the judiciary. However, as a provisional measure, the Minister of Internal Affairs may remove from office those organs of local administration or their members against whom investigation or prosecution has been initiated on grounds of offences related to their duties, pending judgement.

Based on such an understanding, The Constitutional Court does not see any clash between the principle of administrative trusteeship and right of the Minister of the Interior to remove mayors from their office, because removal from office does not mean that the minister appoints someone who has not been elected. Authority to remove does not mean authority to appoint. The Constitutional Court underlines that power of the minister of the interior is limited with bringing the issue to the court for the sake of control of legality (1987/22).

It is possible to put forth that the principles of administrative unity and administrative trusteeship are in line with the principle of subsidiarity, since subsidiarity pays special attention to the legality. Indeed, administrative unity is based on the principle of legality. No power can be used without being based on constitution. Furthermore, the Constitutional Court did not consider “removal of administrative trusteeship over local governments” against the principle of unitary state if it is supported with the aim of making local governments more efficient (1997/2).

The Council of Europe (1997) criticizes administrative trusteeship not only from the perspective of centre-local relations, but also from metropolitan municipalities and district municipalities. Making the metropolitan municipalities stronger should be made from the powers of the centre, not from that of the district municipalities. Another important point regarding the autonomy of the local self-governments is financial issues. Despite some recovery in terms of revenues and expenditures of local governments, it is still not acceptable that local governments are mostly dependent on the central aids, thus central administration.

Under these evaluations, new laws introduced by the AKP can be analysed.

Law No. 5302 regulates special provincial administrations, while Law No. 5393 regulates municipalities. It should be added that Law No. 5216 is related to metropolitan municipalities.

In line with Council of Europe reports, the governor was removed from being the president of the provincial general assembly (5302/11). Furthermore, power of the governor to approve decisions of the assembly in order to finalize them was also lifted (5302/15; 5393/23). Finally, the governor, from now on, cannot approve the budget in order to finalize (5302/44; 5393/62).

Nevertheless, that does not necessarily mean that administrative trusteeship is removed as a whole. On the contrary, the law gives the right to the Minister of the Interior to intervene if local governments lack in conducting in their duties (5302/40; 5393/57). Furthermore, if the borrowing exceeds 10% of the revenues of the local governments, then it needs approval of the minister (5302/51; 5393/62). Additionally, in case of investigations and prosecution of a “crime,” it is possible to remove organs of SPA and their members (5302/34; 5392/47).

A typical reference in the law to the charter was made by the article stating “adequate financial resources” (5302/42; 5393/59). Finally, frequent meeting of the assembly was provisioned (5302/12; 5393/20) with reference to the charter.

What is crucial regarding SPA law is that, in the previous version, the SPA were considered “general service administration” meaning that the SPA would provide any service stemming from common local needs which had not been allocated via laws to other public institutions and agencies. However, after the President of Republic’s veto on the grounds that it contradicts to the principle of administrative unity and administrative trusteeship, this expression was

removed from the text of the law. This is the case also for municipalities, but this time it is the Constitutional Court that cancels the similar regulation in the law (5393/14-3). The ruling of the Constitutional Court confirms that the Council of Europe report that subsidiarity “may” clash with the principle of administrative unity.

However, subsidiarity principle does not only mean “general service administration”. The principle of subsidiarity has the following meanings as well: 1. Easing administrative trusteeship. 2. Legality to protect the legal rights of the local governments, 3. Adequate financial revenues to meet local common needs are included in the text of the law, thus another part of the subsidiarity. Thus, the principle of subsidiarity cannot be interpreted as contradictory only with reference to the “general service administration” character of the local governments. There are other important dimensions of the principle of administrative unity which do not clash with the subsidiarity principle. For example, as far as metropolitan municipalities are concerned, they are powerful localities which seem to fit into the principle of subsidiarity (unless they do not dominate district municipalities).

TABLE 92: Evaluation of Turkish Local Governments in Terms of Subsidiarity Principle					
Local Governments	Legality	General Service Administration	Administrative Trusteeship		Financial Resources *
			<i>Governor</i>	<i>Minister of Interior</i>	
SPA	+	-	-	+	+
Municipalities	+	-	-	+	+

* It is positive in the sense that the law ensures that local governments have adequate resources. Nevertheless, as far as implementation is concerned, it is not possible to state that adequate financial resources are allocated to the local governments.

Indeed, it is up to the national country to the country at the national level to decide on whether its administrative structure is to be based on unitary

character or federalism. Being a unitary state does not necessarily mean that it would clash with the principle of subsidiarity as defined in the charter.

According to the law, it seems that more than half of the requirements of the principle of subsidiarity have been met. However, it is important to underline that subsidiarity principle, in the sense of the Council of Europe, is not a precondition for any candidate country. It is Turkish governments that want to be in line with the charter outlined by the Council of Europe. Since the EU does not force any country to adopt any model as far as local governments are concerned, Turkish governments tend to adopt the Council of Europe's model.

4.2.2.3. FINANCIAL MANAGEMENT AND CONTROL

Financial Management and Control reflects the ideal type of what Turkish government wants to do in terms of “new management comprehension.” It contains both governance principles such as accountability and transparency, and new public management principles such as performance and three Es (effectiveness, economy and efficiency). Despite the fact that the scope¹¹⁶ of the law favours transparency and accountability, since it covers more parts of the Turkish public administration than ever before, considering the techniques adopted, it is possible to assert that this law is the reflection of the new public management school (Dikmen, 2003). Strategic planning, performance based

¹¹⁶ **Article 2-** This Law covers the financial management and control of public administrations within the scope of general government, encompassing public administrations within the scope of central government, social security institutions, and local administrations. Without prejudice to the provisions of international agreements, the utilisation and control of European Union funds and domestic and foreign resources allocated to public administrations shall be subject to the provisions of this Law. (Amendment: 22.12.2005 - 5436/10-b art.) Regulatory and supervisory agencies are subject only to the Articles 3, 7, 8, 12, 15, 17, 18, 19, 25, 42, 43, 44, 47, 48, 49, 50, 51, 52, 53, 54, 68 and 76, 78 of this Law.

budgeting¹¹⁷ and multi-year budgeting are the tools used for achieving transparency and accountability which are gathered from NPM techniques. Akbulut (2007a: 83-84) calls this “rationalisation of politics via budget.” For example, multi-year¹¹⁸ budgeting seems to secure IMF-led economic policies in the following two years when the current year budget was prepared. Furthermore, strategic plans facilitate preparing “objective” public administration independent from national policies for the sake of international capital (Akbulut, 2007a: 84). The strategic plan stipulated in Article 9 is based on NPM concepts such as “mission, vision,” “measurable objective,” and performance.

Another reflection of NPM in the law was introduced with the amendments of Law No. 5436. With this law, Research and Planning Boards were replaced with the Strategy Development Presidency. In line with this name change, the new government introduces the terms “human resources,” instead of “personnel.”

Another reflection may be found related with the responsibilities. Heads of public administrations are responsible “for preparation and implementation of the strategic plans and budgets of their administration in conformity with the development plan, annual programs as well as with the strategic plan and performance objectives and service requirements of the administration” according to the 11th article of the law. However, responsibility is not limited to this “preparation and implementation.” Furthermore, heads of public administrations are responsible for “the effective, economic and efficient acquisition and utilisation of the resources under their responsibility.” It means that they are not only responsible for “the conformity of the plan with the

¹¹⁷ According to the European Commission report (2007a: 124), Hungary has the lowest score regarding the performance budgeting among 18 EU member countries.

¹¹⁸ More precisely “last two years’ budget realisations and next two years’ revenues and expenditures estimates of public administrations within the scope of general government” (5018, 18/e).

legislation,” [control of legality] but also for the three Es of the new public management school: efficiency, effectiveness, and economy. The New Public Management comprehension in this law, introduces one more dimension to administrative tutelage: performance.¹¹⁹

The law on the one hand empowers bureaucrats in public administrations as being “heads of public administrations.” On the other hand, it leaves open door for political involvement of the minister as far as the appointment of the internal auditor and Internal Audit Coordination Board is concerned.¹²⁰ Finally, Internal Audit Coordination Board (Table 93) reflects the dominance of political authority, especially the Minister of Finance.

According to the 2006 Progress Report of the European Commission (2006: 76) on Turkey, the country has made “some” progress regarding public internal financial control. Legislation is a positive development, but implementation is of crucial importance. The European Commission wants to see development regarding the implementation such as certification, continuous training, strategic development units, harmonisation and coordination of internal audit (by Internal Audit Coordination Board). Regarding external audit, European Commission records “no development,” since the draft law on Turkish Court of Accounts needs to be put into practice. Overall (apart from other protection of EU financial interests and protection of the euro against counterfeiting which are outside of the scope of this thesis), there is limited progress regarding financial management and control. However, that does not necessarily mean that the EU is

¹¹⁹ It should be evaluated as part of expediency control. This may be a problem for the autonomy of the local governments stipulated in the European Charter of Local Self-Governments. Although heads of public administration in local governments are accountable to local councils, responsibility for implementing government policy belongs to the Minister of the Interior. Thus, the minister gains “expediency control” power against local governments.

¹²⁰ “Internal auditors shall be appointed by the Minister in ministries and related administrations upon the recommendation of the heads of public administrations, and in other administrations by the heads of public administrations from among the candidates having certificates and shall be dismissed from duty with the same procedure” (Amendment: 22.12.2005 - 5436/10-a art).

not supporting the Turkish government on this issue. Thus, the government has full backing from the EU. It verifies that the EU has no critical stance towards the NPM principles per se.

TABLE 93: Composition of Internal Audit Coordination Board	
<i>Proposed by</i>	<i>Number of members</i>
Prime Minister	1
Minister in Charge of Under Secretariat of State Planning Organisation	1
Minister in Charge of Under Secretariat of Treasury	1
Minister of Interior	1
Minister of Finance	3 (including the chairman)
<i>Total</i>	<i>7</i>

4.2.2.4. REGIONAL POLICIES

In Turkey, the term “region” has been used faint-heartedly because of its possible connotation implying separatism. That’s why 1961 constitution included the term “environment” instead of “regions” (Keleş, 1998: 157). In Turkey, regional policies have been used as part of administrative structure. Nevertheless, it has never reached to the level of regional self-government. Some of the public institutions have regional branch as part of territorial organization of the centre such as general directorate of highways. Apart from administrative concerns, security policies resulted to “state of emergency regional governorship” comprising eastern and south eastern provinces between 1987 and 2002.

As for regional development, Turkey has used mainly four tools: Regional plans, priority development areas, provincial development plans, and national development plans (DPT, 2008: 9). Until planning years, Turkey’s priority was national industrialization rather than overcoming regional disparities (Loewendahl-Ertugal, 2005: 27) Nevertheless even after the five-year development plans, regional disparities continued to widen, because

the Five Year National Development Plans aim to direct investments at the economic and sectoral levels, without any consideration for regional distribution. These national plans predominantly focus on economic measures and city plans at the local level have a physical character, neither of which are suitable for tackling regional disparities. (quoted from Turkey Development Bank by Loewendahl-Ertugal, 2005: 29)

Priority development areas have also been one of the tools since the foundation of Turkey. Nevertheless, as time has gone by, the number of the provinces included in this list has been increased disproportionately and reached to 49 which led to unintended consequences such as increasing inequalities within these provinces (Özaslan, 2007: 139; Güven, 2007: 20).

TABLE 94: GNP per capita according to NUTS2 regions, 2002, EU25=100		
The most developed region of the EU:	Inner London, UK	315
The most developed region of Turkey	TR42 (Kocaeli, Bolu, Sakarya, Yalova, Düzce)	53
The least developed region of the EU	Lubelskie, Poland	32
The least developed region of Turkey	TRB2 (Bitlis, Hakkari, Muş, Van)	10

Source: DPT, 2008: 124.

The extent of the gap can be exemplified with reference to the SPO program. As is seen in Table 94, the richest region of Turkey according to GNP per capita, TR42, is poorer nearly six-fold than that of the EU, Inner London, the UK. Furthermore, TR42, is slightly in a better condition than the poorest region of the EU, Lubelskie, Poland. Regarding the poorest region of Turkey, TRB2, it is even poorer three-fold than the poorest region of the EU.

Therefore, Turkey could not solve the problem of regional disparities so far. According to the medium-term programme of 2006, one of the main aims will be to reduce regional disparities (DPT, 2005: 4) Public investments which has been cut especially after 1980, is seen as an “effective instrument for regional development and for reducing interregional development disparities” (DPT, 2005: 8). Nevertheless, public sector is not the only instrument. “Local initiatives

and dynamics” are very crucial part of this strategy “mobilising the local potential”. Because of the principle of cost-effectiveness, “alternative models” (DPT, 2005: 27) which include private sector involvement, will be developed.

TABLE 95: NUTS Regions in Turkey			
Level 1 (12)		Level 2 (26)	
TR1	İstanbul	TR10	(İstanbul)
TR2	West Marmara	TR21	(Tekirdağ, Edirne, Kırklareli)
		TR22	(Balıkesir, Çanakkale)
TR3	Aegean	TR31	(İzmir)
		TR32	(Aydın, Denizli, Muğla)
		TR33	(Manisa, Afyonkarahisar, Kütahya, Uşak)
TR4	East Marmara	TR41	(Bursa, Eskişehir, Bilecik)
		TR42	(Kocaeli, Sakarya, Düzce, Bolu, Yalova)
TR5	West Anatolia	TR51	(Ankara)
		TR52	(Konya, Karaman)
TR6	Mediterranean	TR61	(Antalya, Isparta, Burdur)
		TR62	(Adana, Mersin)
		TR63	(Hatay, Kahramanmaraş, Osmaniye)
TR7	Central Anatolia	TR71	(Kırıkkale, Aksaray, Niğde, Nevşehir, Kırşehir)
		TR72	(Kayseri, Sivas, Yozgat)
TR8	West Black Sea	TR81	(Zonguldak, Karabük, Bartın)
		TR82	(Kastamonu, Çankırı, Sinop)
		TR83	(Samsun, Tokat, Çorum, Amasya)
TR9	East Black Sea	TR90	(Trabzon, Ordu, Giresun, Rize, Artvin, Gümüşhane)
TRA	North East Anatolia	TRA1	(Erzurum, Erzincan, Bayburt)
		TRA2	(Ağrı, Kars, Iğdır, Ardahan)

TRB	Central East Anatolia	TRB1	(Malatya, Elazığ, Bingöl, Tunceli)
		TRB2	(Van, Muş, Bitlis, Hakkari)
TRC	South East Anatolia	TRC1	(Gaziantep, Adıyaman, Kilis)
		TRC2	(Şanlıurfa, Diyarbakır)
		TRC3	(Mardin, Batman, Şırnak, Siirt)

Source: DPT, 2008: 166.

Due to the EU regional policies, Turkey adopted totally new two policy tools: NUTS and regional development agencies. NUTS 1 and NUTS2 regions can be seen in Table 95.

Regional development agencies are among the concrete models presented by the EU. Nevertheless, empowering the regional level in the sense of “self-government” is not proposed by the EU, nor is the case for Turkish developments. First of all, the model is based on statistical regions, rather than autonomous regions to have reliable and homogenous data on regions as the Hungarian case also shows. Decision to establish statistical regions were made on 28 August 2002 by the Council of Ministers. Second, one of the main objectives is to benefit from EU funds. In order to do so, major institutional arrangements are regional development agencies. Regional development agencies reflect centralisation understanding. Governors of the regions are the presidents of the development agencies, and duty of coordination is assigned to SPO. In the dissenting opinion of the Plan and Budget Commission in the National Assembly, some MPs underlined that agencies are *de facto* a kind of regional organisations of the SPO since these agencies are required to inform the outcomes of all supported activities and projects. Furthermore, both agencies and the SPO have the same objective to diminish the regional differences. Another problem is that total public revenues reach to 70% of the total revenues of the agencies which show the high influence of the centre. Secondly, nearly 19% of the public revenues will come from municipalities, and 13% of the revenues will come from

the SPAs. Indeed, these local governments already lack revenues, and they need more revenues.

As already mentioned, the head of these agencies are governors, thus non-elected. According to the EUSG and the SPO officials, the centralistic organisation of these agencies is not so important since their main objectives are to benefit from the EU funds. The second important point, according to the EUSG officials, is the assignment of the external audit function, not to the Turkish Court of Accounts but to the Ministry of the Interior. The government responded that the Turkish Court of Accounts' function to fulfil external audit is kept by the law, but because of its workload, this function was given to the Ministry of Interior. As a conclusion, these agencies are increasing the centre's influence in any case. The Progress Report (European Commission, 2006b: 57) makes no critique about this centralisation trend of the regional agencies. It verifies the EUSG's and the SPO's officials opinion that "organisation is less important" for the EU officials.

4.2.2.5. PERSONNEL REGIME

Considering SIGMA (2005, 2006) evaluations, it seems that the EU is not critical about the career-based civil servant system. Positively, professionalism in Turkey is "relatively well guaranteed" according to the report. Inner-education needs to be strengthened for the sake of improving administrative capacity and EU integration. Nevertheless, the EU wants Turkey to "pursue reform of (...) personnel policy in order to ensure greater efficiency, accountability and transparency" (European Commission, 2008: 3).

The report (SIGMA, 2005) sees introduction of a completely new constitution as a new opportunity for a reform process, and the EU sees the draft law on civil service as a tool since it "aims to partially repeal the existing legal

provisions and to adopt a more managerial legal instrument” (European Commission, 2006b: 7).

The main problems are cited as follows: “Salary arrangements are complex and based on rather confusing classifications and disproportionate salary imbalances and inequality” (SIGMA, 2005: 2). The report also mentions problems regarding the motivation of the personnel in the human management system, by strengthening the career-based system: “Motivation would increase if equality and merit were more effectively protected in career development” (SIGMA, 2006: 13). Another problematic part is related to the public servants who do not have a right to strike, which is against ILO and European standards. The Presidency of State Personnel has a limited power which needs to be empowered, administrative procedures should be unified, procedures should be simplified, and bureaucracy should be reduced. Administrative justice is well established, but the main problem is related to the lack of judges’ number vis-à-vis their excessive workload. (SIGMA, 2005: 2-3)

The establishment of the Higher Board of Ethics (SIGMA 2006: 7-8; SIGMA 2005: 10-11) is mentioned as a positive development which is another reflection of a concrete European model, firstly mentioned in the OCED report in 1998 with ethical principles in public administration, and wanted to be implemented by Turkey as explained in the letter of intent, in 5 April 2003.¹²¹ The National Program also comprises the Law on Ethics and establishment of the Board of Ethics. A council-type of organisation was adopted comprising 11 members appointed by the Council of Ministers for 4 years.

The specific duties of the board are to prepare the regulations setting out the principles for ethical behaviour of those public servants under its scope and to hear the complaints of citizens on ethical misbehaviour. The board does not have executive powers, but it is to transmit the outcome of

¹²¹ <http://www.tbmm.gov.tr/sirasayi/donem22/yil01/ss432m.htm> (16 June 2008)

its investigations to the relevant hierarchical superior of the civil servant. (SIGMA, 2006: 7-8)

The ombudsman system which is another concrete model supported by the EU, is a positive step according to SIGMA report in the sense of democratic control. The institution of the ombudsman has already been foreseen in the seventh and eighth five-year development programs (DPT, 1996: 119, 121, 283; DPT, 2001: 193) as part of increasing the efficiency of public services. The crucial point here is that although the EU explicitly is in favour of the ombudsman system¹²², it does not make it clear what organisational type is advised by the EU. For example, the EU supported framework law on the public sector was totally different from that of the current regulation. Law No. 5227 which was returned by the President, regulated the ombudsman system for local governments in each of the 81 provinces of Turkey. However, current Law No. 5546¹²³ regulates the ombudsman system for the national level and diminishes the number of ombudsmen from 81 to 11. It means both regulations are welcomed so long as they introduced the ombudsman system irrespective of its organisation. What is important is to establish “a fully operational ombudsman system” (European Commission, 2008: 3).

The important part of the legislation on the ombudsman system introduced by Law No. 5546 lies in its capacity to improve control of expediency of the administration. As is mentioned in the EU Harmonisation Commission, legality control is conducted by the judiciary, internal auditors and audit boards.

¹²² “Parliament adopted a Law Establishing an Ombudsman. The Ombudsman will handle petitions from natural and legal persons in relation to administrative acts. This is a priority of the Accession Partnership and an important step forward, as it creates an institutional framework for the monitoring of public administration by the Turkish citizens” (European Commission, 2006: 6). “However, Turkey has yet to establish an Ombudsman system, pending the implementation of the ombudsman law, suspended by the Constitutional Court in November 2006” (European Commission, 2007: 8).

¹²³ Despite the fact that the Ombudsman Law (No. 5546) was passed by the National Assembly, the Constitutional Court suspended the execution of the temporary second article regulating the appointment of Chief Inspector and five inspectors.

The main duty is supervision of the administration including regulatory and supervisory agencies. Thus, those who are expected to supervise are also under the scope of this law. The only exceptions are president of the republic, legislature, judiciary and the Turkish Armed Forces. The supervision conducted by the ombudsmen is a kind of expediency control because, the administration may function in line with the law, but this functioning may not be “fair.” In this case, ombudsmen must investigate the situation. The scope of expediency is wide because not only “actions and transactions,” but also “attitudes and behaviours” are included in this supervision. The main principles at stake while supervising are “justice, respect for human rights, conformity with law and equity.” Despite the fact that the term “control of expediency” was removed from the draft, since it added “attitudes and behaviour,” it is not possible to evaluate this law as excluding the control of expediency. Furthermore, principles to be evaluated are loose concepts which are open to different interpretations such as “equity.” Another point is that council-type organisation is adopted here as in the case of the Board of Ethics. It was not mentioned in the first draft, but added later in the EUHC report. Election of the Public Inspection Board is made by the Parliament itself. It proves that this institution will be very powerful because the way of appointment is similar to the previous version of election type of the president of Turkey.

Finally, right to information is regulated within the framework of administrative reform in the course of European integration. This law is part of one of the principles of European governance, that is, transparency. This law is another example of council-type organisation since “disputes arising from the application of Law 4982 are reviewed by a board of up to a total of nine members, which includes members of the High Court of Appeals and the Council of State, university law professors, representatives of the Bar Association and others” (SIGMA, 2006: 5).

4.3. EVALUATION

In this chapter, how Turkey has chosen neo-liberalism after 1980s in a historical context was explained. Furthermore, the influence of the NPM policies in the Turkish administrative reform process with regard to both mentality and implementation has been analysed. The NPM constitutes one of the most important “references” of the reform texts under the name of “new management comprehension.” Political preference of this understanding can be observed also in the implementation. “Performance budgeting” and “strategic planning” have become compulsory in the domain of financial management since 2005. “The regulatory impact analysis” has been part of the Turkish legislation since 2006. Furthermore, “flexibility,” e.g. the absence of job guarantee, changeable wages and working hours, is expected to become a key aspect in the civil service reform.

In this chapter, it was also argued that there is a relation between the pace of EU integration and the role of the state. In the 1960s and 1970s, the role of the state was protectionist and interventionist. Due to the clash between “non-protectionism” of the customs union with the “protectionist” role of the state, conditionality stemming from the Ankara Agreement was either delayed or suspended. Only after the 1980s, when the role of the state was non-protectionist and de-regulatory, this structural obstacle could be overcome. However, there were other problems originating from both Turkey (*coup d'état*) and the EU (rejection of the Turkish membership bid). The EU integration process could be accelerated only in the 1999 Helsinki Summit which corresponded to stand-by agreement with IMF. Post-Helsinki process coincided with the economic recession in 1999 and the economic crises in November 2000-February 2001. Response to these economic crises was given with IMF stand-by agreements and the EU National Program as is shown in the table below.

TABLE 96: Response to the 2001 Economic Crisis by Turkey With Two Anchors		
Date	Name of the programme	Relevant Anchor
24 March 2001	National Programme for the Adoption of the Acquis	EU
14 April 2001	Programme towards a strong economy	-
3 May 2001	Letter of Intent	IMF

“These reforms are intended to overcome the crisis, and to help meet the economic criteria for EU membership” (European Commission, 2001b: 14). Hence, the EU integration became an *anchor*¹²⁴ for stabilising the effects of the economic crisis, and the Copenhagen economic criteria were satisfied with IMF-minded neo-liberal policies.

Since administrative reforms are strongly related to the economic crises, the administrative reform process was overlapped with EU accession process especially after 2001 in two ways. First, the 2001 National Program clearly indicated that any reform process would primarily be evaluated vis-à-vis EU legislation. Furthermore, any reform attempt that facilitates EU integration would be given primacy in terms of financial support. The revised National Program went one step further in 2003 and included the list of administrative reform areas one by one. Second, the regulatory role of the state influenced administrative relations in three domains. In the economy-administration relations, regulatory bodies and the central bank became the symbol institutions in the post-2001 era. Furthermore, independence or “pseudo-autonomy” of these institutions vis-à-vis “domestic” politics in politics-administration relations became dominant. Finally, “local governance” influenced the central-local relations. That is to say, new forms of administrative relations have all been supported by the EU. These two points verify the assumption: Administrative reform was equalized with the EU accession process especially after 2001.

¹²⁴ “Change occurred and is occurring not simply because it is imposed from the outside, but also because it interacts with domestic developments on the inside” (Tocci, 2005: 79).

Despite this equality, convergence of Turkish public administration with the European principles and standards is not clear since principles do not tell the whole story. Just like Hungary, in Turkish legislation, including the constitution, there are a lot of references to the principles of good governance. For example, “reliability and predictability” are assured via the rule of law which is the foremost principle affecting Turkish public administration.¹²⁵ The Turkish Constitution rules that “rule of law” (Article 2) is one of the characteristics of the state which cannot even be amended. “Equality before law” is also regulated in a separate article (10) in the Constitution. As for “accountability,” recourse to judicial review is guaranteed in Article 125. Regarding openness, again the Constitution assures the publicity of hearings and verdict justification in Article 141. Finally, “effectiveness and efficiency” is also regulated in the same article: “It is the duty of the judiciary to conclude trials as quickly as possible and at minimum cost.”

As is seen in the chapter on Turkey, administrative reform efforts in Turkey also aimed at reinforcing these principles: neutrality, equality, seniority, efficiency, quality, “modern management principles,” and even “cheerfulness and mutual respect,” which have all already been referred throughout the Turkish administrative reform history. In this context, improvement of the administrative capacity based on administrative principles has always been the case for Turkey due to its legacy. Indeed, the progress report of Turkey issued by the European Commission in 1998 refers to the Agenda 2000’s evaluation, which puts forth clearly that Turkey has “an administration capable of framing and applying legislation compatible with the *acquis communautaire*” (European Commission, 1998: 9). Thus, according to the progress report, this is a confirmation “that the Turkish administration functions to a satisfactory standard” (European Commission, 1998: 9).

¹²⁵ See for further evaluation: SIGMA (2005: 20-25).

TABLE 97: Corruption Perception Index for Turkey								
	1998	1999	2001	2002	2003	2004	2005	2006
Score	3,40	3,60	3,60	3,20	3,10	3,20	3,50	3,80
Rank	54	54	54	64	77	77	65	60

Source: Transparency International, <http://www.transparency.org>

However, the World Bank and Transparency International indicators show one important fact as in the case of Hungary: As far as implementation is concerned, Turkey did not improve its status in the last ten years. According to Transparency International's Corruption Index, performance of Turkey in 1998 - 2002 is better than 2003 - 2006. What is striking is that the 1999 score (Helsinki Summit and candidate status) is only slightly lower from the score given in 2005 (start of the negotiation talks). As far as country rank is concerned, Turkey's performance is even worse in 2005 when compared to 1999.

TABLE 98: World Bank Governance Indicators for Turkey				
Indicators	Years			
	1996	2006	1996	2006
Voice and Accountability	35.9	43.3	-0.38	-0.19
Political Stability	8.7	25.5	-1.48	-0.65
Government Effectiveness	52.6	64	-0.18	0.23
Regulatory Quality	69.3	57.6	0.58	0.21
Rule of Law	55.2	55.7	-0.01	0.08
Control of Corruption	57.8	58.7	0.01	0.06
Score	46.58	50.80	-0.24	-0.04

Source: World Bank, <http://info.worldbank.org/governance/wgi2007/pdf/c221.pdf>

World Bank governance indicators also show the same conclusion. Numbers related to Turkey reveal an interesting fact. Despite of the reform attempts in line with the EU accession since 1996, the score of Turkey hardly changed in terms of the "good governance" indicators. There is relative progress regarding voice and accountability, political stability and government effectiveness. However, progress in the rule of law and control of corruption is not significant. As to regulatory quality, despite successive establishment of regulatory bodies after 1999, regulatory quality went down according to the data. Deterioration in the regulatory quality is quite important and seems to be real.

According to the OECD (2002: 6) report, “the economic crisis in Turkey is exposing critical weakness in Turkey’s current regulatory management system.” Therefore, reference to principles does not mean “good governance” as in the case of Turkey. If this were the case, Turkey would be one of the most developed countries since administrative law principles are not foreign to Turkey like Hungary.

CHAPTER FIVE

5. CONCLUSION

In this study, the implementation of administrative reforms in the EU accession process with specific reference to Hungarian and Turkish cases was analysed. Administrative reforms were divided into two categories in terms of their relevance to EU accession. The first was generic administrative reform, which implied the general principles of European governance and which does not necessarily aim at EU membership. The second type of reform was specific administrative reform, which meant the administrative capacity development for prospective EU membership.

In this study, administrative reform was also read as part of Europeanisation. While specific administrative reform corresponded to Radaelli's (2004) term "Europeanisation as institutionalisation", generic administrative reform implied "Europeanisation as governance." In this context, specific administrative reform was read as EUisation, while the generic reform was read as globalisation. Therefore, it was shown that administrative reform in the context of European Union accession process was not only limited to the EU, but also related to globalisation.

Specific reform included EU-related institutionalisation and instruments. In the case of Hungary, these were inter-ministerial committee, European integration cabinet, strategic task for integration, and state secretariat for integration in the executive as of 1998. It also comprised standing committee on European Affairs in the National Assembly, and regulations stated in the *acquis communautaire*. Instruments such as twinning, TAIEX, training and post-accession transition facility which aimed at strengthening administrative capacity

should also be added to this list. By the same token, in Turkey there is EU-related institutionalisation in the executive as monitoring and steering committee, reform monitoring groups, international coordination and harmonisation committee and secretariat general for EU affairs as of 2008. In the National Assembly, there is an EU harmonisation commission. Unlike Hungary, Turkey deals with 35 chapters in the *acquis communautaire* instead of 31. As for instruments, Turkey does not include post-accession transition facility on the grounds that Turkey has not been accepted as a full member yet.

As to generic reform, both Turkey and Hungary shared similar reform titles such as central, regional and local levels in addition to personnel, financial management and e-government. Generic reforms aiming at modernizing public administration does not necessarily aim at EU membership. Indeed, both in Hungary and Turkey, generic reform has been directed mainly adjustment to the global capitalism. Basic difference was that Hungary's goal was to transform its former system to capitalism for the sake of "return to Europe" comprehension. However, in Turkey, capitalism has already been the case in 1980s, but main problematic was to open Turkey's "closed" economy to global markets. Therefore, without official conditionality of the EU, both Hungary and Turkey carried out generic reforms in 1980s and 1990s for the sake of adjusting their systems to the global capitalism. Especially after the adoption of national programs, it is seen that main goal of the generic reform overlapped with the specific reform process: EU membership. From then on, both Hungary and Turkey carried out generic and specific reforms for the sake of EU membership.

In this study, two majors questions asked in the introduction were challenged: 1. Does the EU accession process necessarily mean neo-liberal public administration reform? 2. Does the EU accession process necessarily mean federalism for the unitary states? Considering the first question, the EU and EU accession were presented as a normative framework, and this framework was

labelled as “social-liberal” in order to underline that neo-liberalism is not the only option that members and candidate countries have. Later, two variables have been analysed: 1. Public expenditure cut, and 2. implementation of the NPM. The Hungarian case showed that these two policies are not preconditions for the EU accession process which meant that neo-liberal public administration reform is not compulsory. Then the question why Turkey implemented neo-liberal policies although it was not compulsory for EU accession was answered with reference to the role of the state triggered by the economic crises and to the preferences of the governments. As for the second question, it is found that, there is no evidence if the EU accession necessarily leads to federalism with reference to Hungary. On the contrary, the Hungarian case showed that EU accession led to centralisation in public administration.

In order to answer these questions, Hungary has been used as a case study and three assumptions suggested in the introduction have been verified. It is seen that it is not compulsory for a candidate state to reduce public expenditure level, to implement new public management principles and to change administrative structure from unitary state to federal state. Regarding expenditures, it is found that public expenditure level before and after the membership did not fall below of the EU15 average, and public expenditure level continued to rise after the membership. It is seen that the level of public expenditures is mainly related to electoral times since both public expenditure and budget deficit levels reach their peak point in these years irrespective of EU accession. As for new public management, it is found that the NPM principles dominated reform process of Hungary after 2003, but especially after 2005, thus membership. Indeed, PHARE report (1999) clearly argues that reform programs of prospective members are close to bureaucratic model rather than the NPM. Dimitrova (2002) also underlines that the Commission supports implicitly Weberian model, rather than the NPM. As to unitary administrative structure, Hungary did not choose federal alternatives. On the contrary, due to the coordination necessitated by EU

accession, Hungary increased centralisation in the central level. Prime Minister's Office got stronger during the course of EU accession. While the management of EU affairs was given to the Ministry of Foreign Affairs, financial management was allocated to the Ministry of Finance. Moreover, financial control was centralized in the hands of state audit organisation. Furthermore, the principle of subsidiarity did not play a significant role in regional policies. Hungary has chosen administrative regionalisation instead of regional self-government as far as NUTS2 levels are concerned.

These assumptions show that the EU accession process does not necessitate neo-liberalism. It also suggests that administrative reform should be seen as part of opportunity for the candidate country since it is up to the acceding country to decide the content of the reform in line with its administrative structure. Such an opportunity facilitates to read EU accession as a social-liberal framework.

The Turkish case showed that although it was not compulsory to follow neo-liberal policies, Turkey has implemented NPM principles under the name of new management comprehension which comprises managerialism, entrepreneurial government and market-oriented management. In Turkey, governance comprehension has been implemented and materialized with the NPM principles such as strategic planning, output control, disaggregation of public sector units, competition in the public sector, and performance etc. Secondly, it is seen that the role of the state is related to the pace of the EU-Turkey relations and administrative reform process have been overlapped with the EU accession process especially after 2001. When the role of the state is in conflict with the EU-EEC policies, accession process was either delayed or suspended. Only after 1980s, when the role of the state was changed from protectionism to non-protectionism, the EU accession process could be accelerated. Especially after 2001 crisis, role of the state and EU accession process

were overlapped. Response to February 2001 crisis was given with the EU national program and IMF stand by agreements. Finally, in Turkey, administrative reform has been equalized to EU accession process. National program prioritizing EU accession stated that any reform process should be in line with the *acquis communautaire*. Moreover, fiscal resources will primarily be supplied to any reform attempt that enables EU membership. Furthermore, 2003 revised national program counts each title that corresponds to administrative reform.

After the analysis of the Hungarian and Turkish public administration reforms in the context of the European Union enlargement process, it is seen that both countries have centralised its decision making process for the sake of better coordination of the management of EU affairs. Basic reason is that central government needs central decision making mechanism for implementing far-reaching chapters of the *acquis communautaire*. Nevertheless, handling of the management of EU affairs differentiated in Turkey and Hungary. While Hungary has chosen foreign ministry-led accession process,¹²⁶ Turkey has chosen mixed leadership status. Although it was mostly allocated to the minister of state in charge of EU affairs in the Prime Ministry, in Turkey, the latest regulation in 2007 gave the responsibility to the Minister of Foreign Affairs. Furthermore, unlike Turkey, Hungary had special cabinet for EU affairs. Nevertheless, both countries have chosen to work with a central organisation, that is to say a general secretariat, for dealing with EU affairs.

As for civil service system, Hungary preferred to strengthen Weberian career system, despite some regulations favouring the NPM such as performance pay system. On the other hand, Turkey has chosen the NPM explicitly for the sake of EU membership.

¹²⁶ It should be noted that, after the membership, Hungary has shifted the leadership from the Ministry of Foreign Affairs to the Prime Minister's Office.

As to regional policies, there is a similar adjustment in Hungary and Turkey on the grounds that both countries have chosen to introduce planning-statistical NUTS regions, instead of regional self-governments. Furthermore, both countries have founded regional development agencies under the influence of the central administration. Therefore, regional policies were mostly "formal" and "institutional" in the context of EU accession.

In terms of local governments, both countries experienced mainly two difficulties. The first is the dependence on the centre due to inadequate resources vis-à-vis heavy burden of functions. The second is the marketisation pressures urging local governments to find new ways for dealing with their inadequate resources.

Based on Hungarian and Turkish cases and experience, the main conclusions are presented below:

1. There is no concrete EU model for public administration reforms

Although “administrative capacity” is the criterion adopted in the 1995 Madrid Summit for full membership, there was no clarity about how this was to be developed by the candidate countries. The main solution to clear the ambiguity about this criterion was to create principles and standards. However, it is seen that under the name of the EU model, we have only general and loose “principles” and “standards” which do not offer a common, uniform and concrete EU model. That is why “the differentiated impact” of the EU is rather limited to “formal adaptation.” Nevertheless, it does not suggest that Europeanisation is limited since it is the very part of the modernisation efforts based on European standards and principles: 1. In case of non-existence of a concrete EU model, Hungary and Turkey have chosen a “European-Western” oriented model of another international organisation such as the Council of Europe, OECD or INTOSAI. 2. In case of existence of an institutional model of the EU, the

candidate countries interpreted and implemented it according its institutional structure.

2. EU accession is equal to administrative reform

Considering the Hungarian and Turkish administrative reform process and the EU accession process together, there is a strong relation between them. National programmes (NPAA) adopted by Hungary and Turkey included administrative reform elements comprising central, local, regional, financial and personnel dimensions for the sake of EU membership. Furthermore, both Hungary and Turkey paid special attention to the compatibility of not only current laws, but also draft-laws and regulations with the EU *acquis communautaire*. Finally, the objective of the modernization of public administration was the realisation of EU membership prospective. Generic and specific administrative reform reinforced each other for EU membership. In sum, the administrative reform process was equalised to the EU accession process.

3. The scope of the reforms is extended via Europeanisation

Administrative reform used to be limited to the “reorganisation” of the central, local levels including their personnel for the sake effective public administration in the 1960s-1970s in Turkey and in the early 1990s in Hungary. However, for Turkey after 1980 (but especially after 1994) and for Hungary after 1995, the scope of administration reform has been widened to financial management and control, regions, and e-government as part of “modernisation.” Implementation of these reforms was accelerated by the Europeanisation process as an anchor after the adoption of the NPAAs in line with the regulatory role of the state.

4. EU accession may lead to centralisation

There is a centralisation tendency in the EU accession process and governance comprehension at both the local and national levels. As Goodwin and Painter (1996: 636) argue with the “recentralisation of political authority” comprehension, centralisation is not only embodied within the political centre, but also in the administrative centre as in the case of non-majoritarian institutions, that is, regulatory bodies. However, what is also to be underlined here is that local government reforms in Turkey reinforce centralisation within local governments even via elected agents. For example, metropolitan municipalities became dominant over district municipalities since they have administrative tutelage function over them. Furthermore, as Akbulut (2007b) argues, local democracy in Turkey is actually “mayors’ democracy” since they are quite strong with their obedient local council majority. In the context of local government revenues, their ratio vis-à-vis the central budget continuously has decreased since 1997. The Hungarian case also proves that the Prime Ministry became stronger in the course of the EU accession process. Furthermore, regional policies of Hungary led growing influence of the political centre. As a conclusion, whatever the discourse on governance and Europeanisation claims, reassertion of the centre is a fact when considering the cases of Hungary and Turkey.

5. The European Union enlargement does not necessarily mean neo-liberal public administration reform

As Hooghe and Marks (1999) put forth, there are at least two opposite and possible projects in the EU: The first is neo-liberalism, and the second is regulated capitalism, i.e. social democracy. One of the main aims of this dissertation was to defend that neo-liberal project was neither compulsory nor a pre-condition for EU membership for a candidate country. The Hungarian case

showed that the implementation of two basic neo-liberal policies (public expenditure cut, and the NPM) is up to the candidate countries. Therefore, the EU presents a framework within which a social-liberal synthesis provides a possible course of action. It is social because EU accession does not urge candidate countries to reduce their public expenditure levels including social expenditures. Furthermore the EU helps new member states with substantial cohesion funds. It is liberal because the EU urges proper functioning market economy as well as strengthening political liberties. It is a framework because there is no single public administration model in the EU so that each country can comply with the *acquis* in line with its administrative structure. That's why, administrative reform comprehension in the EU is based on "elusive" principles. Consequently, candidate countries have power to implement either social or liberal (or both) policies. For example, the Turkish case showed that a candidate country can choose the neo-liberal project for the sake of EU membership. As is seen from the dissertation, governance practice in Turkey has been combined with neo-liberal ideology. That is why this governance comprehension was defined "as new public management." This is not only the case with the legal texts of the reforms, but also related to the social struggle for the reform: Unlike trade unions, business organizations in Turkey agree on the principles of the NPM and neo-liberal ideology of the reform.

All in all, this study shows that governments of an acceding country have a room to *manoeuvre* or a policy option as regards public administration reform in the context of the European Union accession process.

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APPENDIX A

TURKISH SUMMARY

Türkiye örneğinde AB'ye uyum sürecinde idari reformu incelediğimizde, hükümetlerin tercihleri doğrultusunda neo-liberal idari reformun uygulandığı tespitinde bulunulabilir. AB'ye uyumun idari reform ile eşitliği göz önünde bulundurulursa, bu durumun önemi ortaya konabilir. Türkiye'de idari reformun uygulanması ile ilgili olarak iki önemli eleştiri noktası bulunmaktadır. Bunlardan ilki reformların neo-liberal karakteri iken, diğeri AB'nin olası bir sonucu olarak görülen federalizmdir. Bu bağlamda, bu tezde araştırılacak iki temel nokta neo-liberalizm ve federalizmin idari reform ile olan ilişkisidir.

Bu tez çalışmasında üç temel varsayımdan hareket edildi. Bunlar, AB'ye uyum sürecinde aday ülkeler için 1. kamu harcamalarının azaltılmasının, 2. yeni kamu işletmeciliği ilkelerinin uygulanmasının ve 3. üniter yapının değiştirilmesinin zorunlu olmadığıdır. Bu varsayımları sınamak için Macaristan örnek olay olarak alınmıştır. Destekleyici varsayımlar şu şekilde belirlenmiştir: 1. AB genişlemesi neo-liberalizmi gerektirmeyen sosyal-liberal senteze dayalı bir normatif çerçeve sunar. 2. AB içerisinde tek bir kamu yönetimi modeli yoktur. 3. AB'nin idari reform anlayışı esnek idare hukuku ilkelerine dayanır. Türkiye ile ilgili varsayımlar ise şu şekildedir: 1. AB'ye uyum sürecinde yeni kamu işletmeciliği temelli politikalar uygulanmıştır. 2. AB ve ekonomik krizlerin tetiklediği devletin rolü AB'ye uyum sürecinde birbiriyle örtüşmüştür. 3. İdari reform AB'ye uyuma eşitlenmiştir.

İdari reform incelemelerinde iki temel eksik nokta bulunmaktadır. Bunlardan ilki ekonomik boyut iken diğeri yönetsel ilişkilerdir. Genel olarak yönetsel reform incelemesi siyasal boyuta odaklanırken ekonomik boyutu ihmal

eder. Dahası yönetsel reform teknik bir boyut olarak alınır. Oysa bu çalışmada idari reform tarihsel-ekonomik temelleri ile açıklanmaktadır. Yapısal-ekonomik nedenler bilinmeden herhangi bir açıklama eksik kalacaktır. Böyle bir açıklama, determinist ve amaçsalıcı açıklamaları reddederken, yapısal ve öznel faktörlerin bir dengesini kurmaktadır. Tezin ikinci özelliği, idari reform incelemesinde idari yapının ötesine giderek idari ilişkiler temelinde reformu açıklamasıdır. İdari ilişkiler ekonomik, siyasi ve yönetsel boyutları içerir ve ekonomi-yönetim, siyaset-yönetim ve merkez-yerel ilişkilerini açıklar. Bu çalışmada, bir diğer boyut, yani AB, konuya eklenmiştir. Bu çalışma, AB'ye uyumun tek yanlı bir determinizm (AB'den aday ülkelere) olarak okunmasına ve aday ülkelerin seçme hakkı olmayan sadece birer alıcı pozisyonuna indirilmesine karşı çıkmaktadır. Bu çalışma, “sınırlılık”lardan ziyade “fırsat”lar üzerine odaklanmaktadır.

Neo-liberalizm ve AB ile ilgili olarak şöyle bir akıl yürütme yapılabilir: Neo-liberalizmin devletin ekonomiye müdahalesini engellemek için yaptığı temel önermesi devleti küçültmektir. Kamu harcamaları ve vergi oranlarının düşüklüğü devletin ekonomideki küçüklüğünü ölçen iki temel referans noktasıdır. Eğer AB içerisinde bu politikalar genel bir eğilim sergilemiş olsaydı, o zaman AB içerisinde neo-liberalizmin egemen olduğu söylenebilirdi. Bununla birlikte böyle bir durum söz konusu değildir. AB ülkelerinin tamamı tarafından paylaşılan bir model yoktur. Eurostat verilerine göre İsveç, Fransa, Belçika ve Danimarka, kamu harcamaları GSYİH'lerinin yüzde 50'nin üzerinde olduğu ülkeler iken, Litvanya, İrlanda ve Estonya'nın kamu harcamaları yüzde 35'in altındadır. Bu farklılaşmaya karşın, AB'in kamu harcamaları ortalaması yüzde 47.5'i bulmaktadır ki bu görece olarak yüksek bir rakamdır. Benzer bir akıl yürütme sosyal harcamalar açısından da yapılabilir. Ortalama sosyal harcamalar yüzde 27.3'tür. İsveç, Fransa ve Danimarka'da bu oran yüzde 30'ları geçerken, Baltık ülkelerinde bu oran yüzde 13'ün altındadır. Gelir ve kurumlar vergisi oranlarına bakıldığında Slovakya, Romanya ve Baltık ülkeleri İsveç, Danimarka ve Belçika ile karşılaştırıldığında çok düşük oranlara sahiptir. Bu rakamların gösterdiği

önemli bir sonuç neo-liberal önceliklerin bütün AB ülkeleri tarafından paylaşılmadığıdır. Demek ki, bu, AB koşulsallığından ziyade temelde ülkelerin politikaları ile ilgili bir durumdur.

Eğer AB yüksek kamu harcamaları yoluyla değişen düzeylerde devlet müdahalesine izin veriyorsa, böyle bir bütünleşme “negatif bütünleşme” olarak (Knill ve Lehmkuhl, 1999) olarak tanımlanabilir. AB, gümrük birliği ve enflasyon gibi hedeflere zarar vermemek koşulu ile devlet müdahalesine izin vermektedir. O zaman AB’yi normatif bir çerçeve olarak tanımlamak mümkün olabilir zira AB ülkeleri her ne kadar belirli normların sınırlaması altında olsa da, AB üyeleri hareket alanına sahiptir. Bu durum, sunulan çerçevenin sosyal ve liberal olduğunu imler. AB üyeleri açısından geçerli böyle bir durum AB genişlemesi açısından da geçerli olacaktır. Şurası bir gerçektir ki, koşulsallık aday ülkeler üzerinde iradeyi sınırlayıcı bir etki gösterir. Dimitrova (2002: 176) bunu “genişleme yönetişi” olarak tanımlar. Yine de genişleme sürecini aday ülkelerin iradelerinin yok edildiği determinist bir süreç olarak almak yanlış olacaktır. İradenin önemini iki önemli ilke örneklendirebilir: “Regatta” ve “açık-uçlu müzakere”. Regatta ilkesine göre, üyelik kriterlerini sağlayan aday ülkeler, diğerlerinden daha önce üye olacaktır. Açık uçlu müzakerelere gelince, bu ilke aday ülke kriterleri sağlasa bile, bunun tam üyelik anlamına gelmeyeceğini gösterir. Üyelik, hazmetme kapasitesine bağlı olacaktır. Bugüne kadar AB koşulsallığı aday ülkelerin iradesini içermeyen bir sınır olarak sunulurken, regatta ve açık-uçlu müzakere ilkeleri irade faktörünün önemli olduğunu ortaya koyar. Bu tez çalışmasında görülmüştür ki aday ülkenin iradesi sadece üyelik zamanının belirlenmesi (uzaması ya da kısaltılması) ile değil aynı zamanda idari reformun içeriğini belirleme konusuyla da ilişkilidir. AB içerisinde model oluşturacak genel bir yönetim yapısı yoktur. Bu nedenle Avrupa yönetişi ile çatışma içinde olmamak kaydı ile aday ülkeler idari reformu kendi istedikleri tarzda yorumlama gücüne sahiptir. Bu çalışmada, AB tarafından önerilen somut bir kurumun üyelik için bir ön koşul olması durumunda dahi aday ülkenin bunu kendi istediği tarzda

kurabilme gücüne sahip olduğu görülmüştür. Örneğin ombudsmanlık¹²⁷ kurumu ve bölgesel kalkınma ajansları¹²⁸ kurulması zorunlu unsurlar iken, bunun nasıl örgütleneceği aday ülkelere bağlıdır.

Madem ki, neo-liberalizm ile AB'ye üyelik arasında bir zorunluluk ilişkisi yok, o zaman neden Türkiye neo-liberal yönetsel reformlar uyguladı sorusu yanıtlanmaya muhtaçtır. Bu soruyu yanıtlarken öznel neden hükümetlerin tercihi iken, yapısal neden ekonomik krizlerdir.

İdari reform ekonomiden bağımsız olarak ele alınamaz. Çünkü “kamu yönetiminde yeniden yapılanma, her şeyden önce devletin rolü ve işlevinin yeniden sorgulanması anlamına gelir” (Tutum, 2003: 442). Buna göre, kapitalizmin dönüşümü ve devletin bu dönüşüm içindeki rolü ve işlevi idari reformun ekonomik ve ideolojik arka planını verir. Devletin bu rol ve işlevindeki

¹²⁷ Avrupa Komisyonu'nun Ombudsmanlık kurumunu her aday ülkeden istediği bir gerçektir. Ancak, bunun içinin nasıl doldurulacağı ise aday ülkeye bağlıdır. Ombudsmanlık kurumu Yedinci Beş Yıllık kalkınma planından bu yana kamu hizmetlerinin etkililiğinin artırılması yönünde getirilen önerilerden biri olarak gündeme gelmekteydi. Ancak, 5227 ile getirilmek istenen ombudsmanlık sistemi ile 5548 ile getirilen aynı değildir. Ombudsmanlık için 5227 sayılı (yürürlükte olmayan) kanun, “mahalli idareler halk denetçisi” şeklinde bir düzenleme getirirken, 5548'in isim, sayı, içerik ve seçilme biçimi konularında değişikliğe gittiği görülmektedir. Buna göre “halk denetçisi” yerine “kamu denetçiliği”¹²⁷ kavramı kullanılacak ve sayı 81 yerine bir kamu başdenetçisi ve en çok on kamu denetçisi ile sınırlandırılacaktır. Ayrıca ilkinde mahalli idareler ile sınırlı görev alanı bu sefer genişletilmiştir. İlkinde denetçilerin seçimi İl Genel Meclisi tarafından yapıyorken, şu anki yasaya göre seçimi Türkiye Büyük Millet Meclisi Genel Kurulu tarafından yapılır. 2007 ilerleme raporunda Anayasa Mahkemesi tarafından yürürlüğün durdurulması, uygulamayı geciktirdiğinden, zımnen eleştirilmektedir. Bunun dışında içeriğe dair bir eleştiri söz konusu olmamıştır. İlerleme raporunda çerçeve kanun olumlu bir durum olarak görüldüğüne göre, onun içerdiği ombudsmanlık da kabul edilen bir düzenlemedir. Avrupa Komisyonu hem eski hem de yeni düzenlemeyi olumlu görünmektedir. Oysa ikisi arasında az önce belirtildiği gibi büyük farklar vardır. Buradan çıkan temel sonuç, AB'nin içerikten ziyade biçimsel kurumsallaşmaya verdiği önemdir. Bu, kamu yönetimi modeli olmayan AB'nin aday ülkeye tanıdığı bir esneklik olarak görülmelidir.

¹²⁸ Model seçimi konusundaki esneklik, AB'ye üyelikte somut bir kurum önerisi olarak sunulan “Bölgesel Kalkınma Ajansları” açısından mümkündür; çünkü asıl önemli olan (Avrupa Birliği Uyum Komisyonunda, ABGS ve DPT yetkilileri tarafından belirtildiği gibi) “ajansların teşkilat yapısının nasıl olması gerektiğinden ziyade Türkiye'ye AB tarafından tahsis edilen fonların yönetimini ve denetimini sağlayacak ve bu alandaki boşluğu dolduracak bir idari otoritenin ivedilikle kurulması”dır. Bu bağlamda getirilen sistemin merkezîyetçi ya da özerk bir yapı olarak kurulması siyasal iktidarın tercihinin kalacaktır.

değişimin kaynağı ekonomik krizlerdir. Kiel ve Elliot (1999) Amerika Birleşik Devletleri'ne referansla, gerileme dönemlerinin kargaşasının kamu yönetiminde reform dönemleri ile eş zamanlı olduğu görüşünü savunur. Bu bağlamda uzun dalga ekonomik krizler ile kamu yönetimi reformları arasında bir uyum söz konusudur. Türkiye'de bu ilişki doğrulanmaktadır. Sadece büyük dalga ekonomik krizler açısından değil, ayrıca Türkiye'de meydana gelmiş büyük ekonomik krizler açısından da bu söz konusudur. Kriz dönemlerinde yanıt devletin ekonomideki rolüne uygun olarak idari reformlarla verilmiştir. İdari reformlar bu anlamda krizlerin karmaşasını istikrara kavuşturan araçlar olarak görülür. İdari reform ihtiyacının tetikleyicisi de bu bağlamda ekonomik krizlerdir. Bu durum, yönetsel krizlerin kaynağının sadece kamu yönetimi içerisinde olmadığı ve bunun sonuçlarının da sadece yönetsel sistemde aranamayacağı yönündeki Dunleavy'nin (1982) "radikal kamu yönetimi" kuramını doğrular. Habermas'ın (1976) belirttiği gibi kriz öncelikle ekonomi alanında başgösterir ve politik-yönetsel alana yayılır.

Siyasal özneler yapısal sınırlılıklar altında seçimlerde bulunurlar. Bu yapısal sınır ekonomik kriz sonucu değişen devletin ekonomideki rolü ile ilgilidir. Yönetsel reform, siyasal iktidarın yönetim sistemine ekonomik krizler sonucu şekillenen devletin rolü ile uyumlu bir şekilde amaçsal bir müdahalesi olarak tanımlanabilir. Kriz, idari reform tarafından istikrara kavuşturulur. Bu nedenle idari reform ihtiyacı temel olarak ekonomik krizlerden kaynaklanır. İdari reformun AB bağlamında yerine gelince, AB'nin tam üyelik için idari reformu zorunlu kıldığı görülür. Yine de idari reformun birincil kaynağı ekonomik krizler olduğundan, AB'ye uyum için yapılan idari reformların da devletin ekonomideki rolü ile uyum içerisinde olması gerekir. Dolayısıyla, AB için yapılan reformlar devletin ekonomideki rolüne karşı olamaz. Türkiye örnek olayı bu hipotezi kanıtlar. 1960-1980 yılları arasında Türkiye'de devletin rolü korumacı ve müdahaleci idi. Bununla birlikte bu durum AET'nin gümrük birliği talebi ile çatışma içindeydi. Bu nedenle dönemin sembol kurumu olan DPT, gümrüklerin

azaltılmasına karşıydı ve AET'ye şüpheli yaklaşıyordu. Bunun temel nedeni ulusal sanayinin önce kendi ayakları üstünde durmasını sağlamak idi. Şaylan, ulusal sanayinin yabancı istilasından korunmasının serbestleşmeden önce savunulmasını “planlama ideolojisinin bir unsuru” olarak görür (1981: 202). DPT, uluslararası ilişkiler alanında AB ile ilişkilerde etkin bir rol üstlenmişti. 1968 yılında aslında Dışişlerinde olması gereken AET ile ilişkilerde koordinasyon görevi DPT'ye verildi ve DPT'de AET dairesi kuruldu. DPT ekonomi alanında da güçlüydü. Maliye Bakanlığı gelirlerin toplanması, bunların dağıtılması ve harcamaların yapılması konusunda yetkiliydi. Ancak bu harcamaların yatırımlara uygun olması gerekiyordu. Bu noktada DPT büyük önem kazanıyordu. “Bütçe konusunda Maliye Bakanlığı'nın yetkilerine DPT'nin ortak oluşunun payı yadsınamaz. Zira Maliye Bakanlığı geleneksel yetkilerini paylaşmakta istekli değildir” (Tan, 1981: 154). Bu nedenle Maliye ile çatışma içerisine giriyordu.¹²⁹

O dönemde AET'yi ve gümrük birliğini savunan en başat bürokratik kurum Dışişleri Bakanlığı'ydı. Dışişlerinin çabaları nedeniyle katma protokolün uygulamasını engelleyememiş olsa da, DPT, bu protokolün imzalanmasından hemen önce gümrüklerin yüzde yüz oranında artırılmasını sağlayabilmişti (Kansu, 2004: 420). Bunun ötesinde, beş yıllık kalkınma planlarında DPT, yeteri kadar AET'ye referans vermemişti. Siyasal iktidarın DPT'nin görüşlerini desteklemesi sonucu 1975 yılında Yunanistan'ın başvurusunun ardından tam üyelik başvurusunda bulunmayan Türk hükümeti, 1976'da kısmen, 1979'da da tamamen katma protokolü askıya aldı (Kansu, 2004). Katma protokolün askıya alınması AB (AET) koşulsallığının, devletin rolü ile çatışması durumunda ancak kısmen uygulanabildiğinin göstergesidir.

¹²⁹ Bu örnekler daha da çoğaltılabilir: “Teşkilatın ilk kurulduğu günlerde, İstatistik Umum Müdürlüğü, maliye Bakanlığı, Hazine Umum Müdürlüğü gibi bazı kuruluşlar, birçok konuda DPT ile ilişki kurmak istememişler ve yeni kurulan bu kurumu yadırgamışlardır. (...) Hazine Umum Müdürlüğüne göre, bir takım mali unsurların Devlet Planlama Teşkilatına raporlar halinde bildirilmesi, devlet sınırlarının yayılması demektir” Tuna (2006: 238dn).

Sadece 1980’lerin sonunda AB ve Türkiye ilişkileri normale dönebilmişti ki bunun temel nedeni devletin rolünün korumacılıktan serbestleşmeye doğru evrilmiş olmasıdır. AB’nin Türkiye’den temel beklentisi gümrük birliği idi. Gümrük birliği açısından ise korumacı (ulusal pazarın dış üreticilere karşı korunması, gümrük vergileri vb.) önlemler sorunluydu. 24 Ocak paketiyle serbestleşmeye geçiş bu sorunu aşamalı olarak ortadan kaldıracaktı. Dış ticaretin geliştirilmesi ve serbestleştirilmesi, ithalatın üzerindeki yasakların ve miktar kısıtlamalarının kaldırılması, döviz piyasasının ve sermaye girişlerinde serbestleşmenin başlatılması (Kazgan, 2004: 128-129) korumacı olmayan bir ekonomi politikasının sonuçlarıydı.

Bir zamanların güçlü kurumu DPT, bu dönemde kan kaybetmiş ve yerine yeni dönemin sembol kurumu “Hazine ve Dış Ticaret Müsteşarlığı” olmuştu. 1987’de tam üyelik başvurusu ile bir zamanlar dondurulmuş olan AET-Türkiye ilişkileri yeniden canlanmıştı. 1996’da gümrük birliğine girilmiş ve 1999’da adaylık statüsünün verilmesi ile ilişkiler yeni bir boyuta taşınmıştı. 1998-2001 arasında yaşanan ekonomik durgunluk ve krizler, AB tarafından istenen idari reform ihtiyacı ile örtüşmüştü. Devletin düzenleyici rolü ile uyum içerisinde olan AB koşulsallığı ile 2001’den sonra idari reform AB süreci ile eşitlendi. 1970’lerde deneyimlenen devletin rolü ile yaşanan çelişkiler artık ortadan tamamen kalkmıştı. Bu nedendir ki ekonomik kriz Türkiye’de tetikleyici olurken, AB süreci idari reformlar için bir “çıpa” konumuna gelmiştir.¹³⁰

¹³⁰ Eğer tetikleyici AB olsaydı, en başta, 1970’lerde yaşanan süreç sorunsuz olurdu. Çünkü AB (AET) ister ve Türkiye yapardı, örn. gümrük birliği. İkincisi, eğer AB tetikleyici olsaydı, 1996’da gümrük birliğine geçildiği anda Türkiye’de AB’ye yönelik reformlar Kemal Derviş’in 15 günde 15 yasa örneğindeki gibi peşi sıra gelirdi. Oysa 2001 krizinden sonra her şey krize yanıt olarak hızlandı. Bu nedenle ekonomik kriz tetikleyiciydi. Krizi engellemeye yönelik olarak uygulanan politikalar IMF politikalarıydı. Bunun uygulanmasını garanti altına alan metinler de stand by anlaşması ile ulusal programdı. Yani, IMF ve özellikle AB, uygulanan ekonomi politikasından sapılmaması için birer çıpa olarak kullanılmışlardı.

Sadece AB değil ayrıca IMF koşulsallığı da devletin şu anki rolü ile uyum içindedir. Türkiye’de hükümetler AB’nin Kopenhag ekonomik kriterlerini IMF politikaları ile gerçekleştirmeyi tercih etmiştir. Bu örneklerden ikisi mali yönetim ve kontrol kanunu¹³¹ ile Gelirler Genel Müdürlüğünün Gelir İdaresi Başkanlığı¹³² adı altında yeniden örgütlenmesidir. Her iki unsur sadece AB belgelerinde değil aynı zaman IMF niyet mektuplarında yapısal bir kriter olarak göze çarpmaktadır. AB-IMF yakınsamasının kurumsal yansıması 2005-2007 tarihleri arasında hem Başmüzakereci hem de ekonomiden sorumlu Devlet Bakanı olan Ali Babacan’ın kişiliği oluşturmaktadır. Bunun ötesinde, Avrupa Komisyonu, IMF yönelimli politikaları olumlar görmektedir: Komisyon Türkiye’den “IMF ve Dünya Bankası ile uzlaşılan mevcut enflasyonla mücadele ve yapısal reformun uygulanmasını ve özellikle, kamu harcamalarının denetiminin teminini” (European Commission, 2003b: 13) istemektedir. Türkiye örneğinde ekonomik kriterler IMF reçeteleri ve niyet mektupları aracılığı ile sağlanmak istenmiştir. Böyle bir ikame mümkündür zira AB’nin sosyal-liberal özelliği iyi yönetim ile uyum içinde olan ki IMF ve Dünya Bankası bunun bir parçasıdır, her tür politikayı olumlar. Madem ki takip edilecek tek bir model yoktur, o zaman her aday ülke herhangi bir “Avrupa” modelini izlemekte serbesttir. Türkiye, bu fırsat çerçevesinde neo-liberalizmi seçmiş ve AB aracılığıyla IMF’nin ekonomi politikalarına meşruluk kazandırmıştır.

Macaristan örnek olayının konuyla ilişkisi, aday bir ülkenin istediği bir modeli seçme fırsatına sahip olduğunun kanıtlanması noktasındadır. Yukarıda bahsedilen üç hipotezin sınanması için Macaristan bağlamında karşılaştırmalı bir yöntem seçilmiştir. Macaristan’ın seçilmesinin üç temel nedeni vardır. Bunlardan

¹³¹ “Genel olarak kamu kaynaklarının yönetimini geliştirmek amacıyla, 2002 yılı ortasına kadar Meclis’e Kamu Maliyesi Yönetimi ve İç Kontrol Yasası’nı sunacağız.” (Türkiye – Niyet Mektubu, 20 Kasım 2001, par. 28.)

¹³² “Vergi idaresini güçlendirmeye yönelik çalışmalarımız hızlandırılacaktır. Bu amaçla Gelir İdaresi’nin işlevsel yeniden yapılandırılmasının Temmuz 2006 sonuna kadar tamamlanması (Nisan 2006 sonu için yapısal kriter) (...) amacıyla gerekli adımlar atılacaktır” (Türkiye – Niyet Mektubu, 7 Temmuz 2006, par. 16).

ilki, yüksek kamu harcama düzeyidir. İkincisi, yeni kamu işletmeciliğini AB'ye uyum sürecinde sistematik olarak uygulamaya koymamış olmasıdır. Son olarak, üniter devlet yapısıdır.

İlk olarak, Macaristan, yeni üye olan ülkeler içinde en yüksek kamu harcamasına sahip ülkedir. Kamu harcamaları açısından görüldü ki, Macaristan ne üyelik öncesinde ne de üyelikten sonra AB15 ortalamasının altına düşmüştür. Üstelik, kamu harcamaları düzeyi üyelik sonrasında artmıştır. Görülmüştür ki kamu harcamalarının düzeyi asıl olarak seçim zamanları ve dolayısıyla hükümet politikaları ile ilgilidir, zira hem kamu harcamaları hem de bütçe açığı seçim yıllarında tavan yapmaktadır ki bunun AB üyeliği ile bir bağlantısı yoktur. Yeni kamu işletmeciliği ile ilgili olarak, görülmüştür ki NPM ilkeleri 2003'ten sonra ama asıl olarak 2005'ten yani Macaristan AB'ye üye olduktan sonra reform gündemine egemen olmuştur. Gerçekten de PHARE (1999) raporu, aday ülkelerin NPM'den ziyade bürokratik modele daha yakın olduklarını ve bunun bir sürpriz olmadığını belirtir. Dimitrova da (2002) da Avrupa Komisyonu'nun NPM'den ziyade Weberyen modeli örtük olarak savunduğunu belirtir. Üniter yapıyla ilgili olarak görülmüştür ki Macaristan federal alternatifleri benimsememiştir. Bunun ötesinde, üniter yapı zayıflamamış, tersine merkezîyetçi bir eğilimle güçlendirilmiştir. AB'ye uyum merkezden koordineli bir reform sürecini gerektirmektedir. Bu koordinasyon, merkezileşmeye yol açmaktadır. Merkezi düzeyde, Başbakanlık örgütünün güçlendiğini, hatta bakanlıklara talimatlar verdiğini görüyoruz. AB'ye uyumda en önemli unsurlardan biri olan yapısal fonların koordinasyonunda da maliye bakanlığının güç kazandığını görüyoruz. AB sürecinin yönetimi ile ilgili olarak da Dışişleri Bakanlığı güçlü ve merkezî durumdadır. Üniter yapının bozulmasına neden olacağı düşünülen bölgesel politikalar dahi merkezin bir ajanı konumunda olan Bölgesel Kalkınma Ajansları ile uygulamaya konmaktadır. Siyasal iktidar, yerelliklerde sahip olmadığı gücü bölgesel ajanslarla sağlamaya çalışmaktadır. Sonuç olarak, AB

süreci Macaristan’da üniter yapıyı gevşetmemiş, tam tersine merkezileştirerek güçlendirmiştir.

Macaristan’ın AB’ye uyum süreci ile ilgili olarak değinilmesi gereken bir diğer nokta, “AB’ye uyumun biçimselliği”dir. Macaristan’daki reform metinlerine baktığımızda, açıklık-saydamlık, katılım, hesap verilebilirlik, etkililik gibi kavramların varlığı açıkça görülür. Bununla birlikte uygulamaya bakıldığında, sonuç bu kadar net değildir. Uluslararası Saydamlık (Transparency International) örgütünün yolsuzluk algılama endeksine bakıldığında, Macaristan’ın müzakerelere başladığı tarih olan 1998 ile üye olduğu 2004 yılları arasında hem puan hem de sıra olarak bir düşüş göze çarpar.¹³³ Benzer bir gözlem Dünya Bankası’nın yönetim göstergeleri açısından da geçerlidir. 1996 ile 2006 yılları arasında yönetimin etkililiği, hukukun üstünlüğü ve yolsuzluğun denetim altına alınması konularında negatif bir eğilim izleyen Macaristan, en önemli pozitif atılımını düzenleyici kalite konusunda gerçekleştirmiştir. Genel ortalamasına bakıldığında ise Macaristan’ın 2006’da aldığı 75.98’lik puan, 1996’daki 75.35’ten çok az farkla yüksektir.¹³⁴ Görülüyor ki, uluslararası örgütlerin yönetim puanlamasına göre Macaristan’ın durumunda (düzenleyici kalite hariç) kayda değer bir gelişme gözlemlenmemiştir. Oysa Avrupa Birliği’ne uyum sürecinde geniş çaplı reformlar gerçekleştirmiştir. Macaristan, Merkez ve Doğu Avrupa ülkeleri arasında yönetsel kapasitenin geliştirilmesi konusunda 1990’ların sonunda en başarılı ülke olarak görülüyordu (Verheijen, 2000: 25, 49). Bir zamanların en çalışkan öğrencisi Macaristan, 2005’e gelindiğinde Dünya Bankası açısından sınıfının en tembel öğrencilerinden biri olarak görülüyordu. Öyle ki Macaristan’ın da dahil olduğu bazı ülkeleri değerlendiren Dünya Bankası raporunda “eğer SIGMA değerlendirmesi bugün gerçekleştirilmiş olsaydı, AB-8 ülkelerinin çoğunluğu ‘kriterler gerçekleşmedi’ kategorisine dahil

¹³³ 1999’da 5 puan ile 33. sırada iken, 2004’te 4.80 puan ile 42. sıraya gerilemiştir. (<http://www.transparency.org> (Erişim tarihi: 16 Haziran 2008)).

¹³⁴ <http://info.worldbank.org/governance/wgi2007/pdf/c101.pdf> (Erişim tarihi: 16 Haziran 2008).

olacaktı” (World Bank (2006: 32) diye yazmaktadır. Bunun iki temel nedeni vardır. Birincisi, AB modeli altında sadece ilkeler ve standartların var olması ve bunların da geniş içerikleridir. Öyle ki 1957’nin sosyalist Macaristan’ı dahi mevzuatında içerdiği bazı ilkeler (hukukilik, katılım, hesap verilebilirlik, bilgi edinme vs.) nedeniyle bu standartlara yaklaşmaktadır. İkinci neden, AB’ye uyumun biçimsel düzlemde kalmasıdır. Örneğin, yine Dünya Bankası (World Bank: 2006: 3) raporuna göre yeni üye ülkelerin AB direktiflerini mevzuatlarına geçirme oranlarına bakıldığında durumlarının eski üyelerden bile iyi olduğu görülür değerlendirmesini yapmaktadır. Örneğin 2005 sonu itibarıyla Macaristan’da 1635 AB direktifinden sadece 12’si Macaristan mevzuatına aktarılmamıştı. Bu rakam örneğin İtalya’da 157’ydi.

Dolayısıyla, bu çalışmada AB’ye uyum sürecinde idari reform uygulaması Macaristan ve Türkiye örnek olaylarına yapılan referanslar ile çözümlenmiştir. İdari reformlar AB’ye uyum ile ilgileri göz önüne alınarak iki kategoriye ayrılmıştır. İlki iyi yönetişimin genel ilkelerini imleyen ve zorunlu olarak AB üyeliğini amaçlamayan genel idari reformdur. İkinci tür reform ise gelecekteki AB üyeliği için yönetsel kapasite artırımı anlamını taşıyan özel idari reformdur. Bu çalışmada, yönetsel reform ayrıca Avrupalılaştırmanın bir parçası olarak okunmuştur. Özel idari reform Radaelli’nin (2004) kavramıyla “kurumsallaşma olarak Avrupalılaştırma”ya tekabül ederken, genel idari reform “yönetişim olarak Avrupalılaştırma”yı imler. Bu noktada, özel idari reform “AB”leşme olarak, genel idari reform da küreselleşme bağlamında değerlendirilmiştir. Böylece görülmüştür ki, Avrupa Birliği’ne uyum süreci bağlamında idari reform yalnızca AB ile sınırlı değil, aynı zamanda küreselleşmeyle de ilintilidir.

Yönetişim en genel ve esnek anlamıyla “hükümetten daha geniş bir şeye işaret eder, ve yürütüm (steering) ve oyunun kuralları ile ilgilidir. (...) Oyunun kurallarının yönetimi ve kamusal alanın meşruluğunun zenginleştirilmesidir. (Kjaer, 2004: 7, 15)” Yönetişim formülasyonuna bakıldığında 2. Dünya Savaşı

sonrası devlet-emek-sermaye uzlaşısı yerine, devlet (bürokrasi)-sivil toplum örgütleri-özel sektör bileşimini görüyoruz. Devlet ve sermaye boyutları aynı kalsa da, emek örgütlenmesi yerine, daha esnek ve daha kapsayıcı sivil toplum örgütleri içermektedir. Bu durum aslında, emeğin düşen bir değer olarak görülmesi ve özel sektörün sivil toplum örgütleri vasıtasıyla yerlerini biraz daha sağlamlaştırdıkları bir formülasyonu ortaya koyar. (Ayrıca bkz., Güler, 2005) İdeolojik olarak bu formül aslında sermaye çıkarları lehine rahatça çevrilebilecek bir anlayışı işaret eder. “Yeni Kamu İşletmeciliği olarak yönetim” (Rhodes, 1996: 655) kavrayışı ve kavramı da bu temelden hareketle kullanılabilir. NPM (Dreschsler: 2005), “iş ilkelerinin ve işletme tekniklerinin özel sektörden kamu sektörüne transfer edilmesidir,” aynı zamanda neo-liberal devlet ve ekonomi anlayışı üzerine kurulur ve bununla simbiotik (ortak yaşar) bir ilişkisi vardır. Yönetişim, yeni kamu işletmeciliği araçları ile yeni sağ bir ideolojik konumlanış içerisinde uygulamalar gösterebilir. Bu tutum özellikle Türkiye açısından geçerlidir.

Kamu yönetiminde modernleşmeyi hedefleyen genel idari reformlar zorunlu olarak AB üyeliğini hedeflemez. Gerçekten, hem Macaristan hem de Türkiye’de genel reform esas olarak küresel kapitalizme uyum amacıyla gerçekleştirildi. Aralarındaki temel fark Macaristan’ın amacının “Avrupa’ya dönüş” çerçevesinde kapitalist sisteme geçiş oluşudur. Türkiye için kapitalizm zaten mevcut bir sistem iken, 1980’lerdeki hükümetlerin temel problemi, kapalı ekonomiyi küresel piyasalara açmak olmuştur. 1990’larda Merkez ve Doğu Avrupa ülkelerinde reform anlayışı “ilk olarak liberal demokrasi, ikinci olarak piyasa ekonomisi” anlamına geliyordu (Vanhuysse, 2000: 491). Bununla birlikte Türkiye’deki idari reform anlayışı, Güler’in de belirttiği gibi tekniktir ve tarafsızlık ilkeleri etrafında belirir. Öyle ki idari reformda siyasi alanların yanında siyasi konuların da dışlanması gerekliliği Türkiye’deki reform anlayışında yer bulmuştur. TODAİE’nin *İdari Reform ve Reorganizasyon* adlı reform çalışmasına atıfla Güler (2005: 59) bunu şu şekilde örneklendirir: “İdari reformda, siyasi

tercih konusu olabilecek meselelere dokunulmamalı, mesela devletin iktisadi hayata müdahalesinin derecesi gibi siyasi karakterdeki meseleler idari reform organlarının inceleme sahaları dışında bırakılmalıdır.”

AB’nin koşulsallığı olmadan Macaristan ve Türkiye 1980’lerde ve 1990’larda kendi sistemlerini küresel kapitalizme uyum sağlamak amacıyla genel idari reformları gerçekleştirmişlerdir. Genel idari reform bağlamında hem Türkiye hem de Macaristan benzer alanlarda reform gerçekleştirmiştir. Bu alanlar merkezi, bölgesel, yerel, personel, mali yönetim ve e-devlettir. Bununla birlikte, özellikle ulusal programların benimsenmesinden sonra görüldü ki, genel idari reform ile özel idari reformun amacı birbiriyle örtüşmüştür: AB üyeliği. O zamandan itibaren, Macaristan ve Türkiye genel ve özel reformları AB üyeliği hedefi ile yapmaktadır.

Özel reform kavrayışı, Avrupa Birliği’ne üye olmak isteyen bütün aday ülkelerin yerine getirmesi gereken ev ödevlerini içerir. Bunun yönetsel boyutunu “yönetsel kapasite” kavramı oluşturur. Bu kavramın içeriğinin doldurulması, idare hukukuna içkin “iyi yönetim” ilkeleri ile olmaktadır. Yönetsel kapasitenin içerdiği idare hukukuna ilişkin ilkeler SIGMA (1999) raporuna göre dört tanedir ve diğer ilkeler bundan türetilmelidir. Bunlar, 1. güvenilirlik ve öngörülebilirlik, 2. açıklık ve saydamlık, 3. hesap verilebilirlik ve son olarak 4. verimlilik ve etkenliktir. Belirtmelidir ki, ilkeler düzeyinde yaklaşımın temel nedeni, tek bir kamu yönetimi sisteminin şart koşulmamasıdır. Özel idari reform AB ile ilişkili kurumsallaşmayı ve araçları içerir. Macaristan örneğinde 1998 yılı itibariyle bunlar Bakanlıklararası Komisyon, Avrupa Bütünleşmesi Kabinesi, Bütünleşme Stratejik Görev Birimi ve Avrupa Bütünleşmesi Genel Sekreterliğidir. Ayrıca ulusal meclis içinde Avrupa meseleleri üzerine bir de sürekli komisyon bulunmaktadır. 31 başlıktan oluşan AB mevzuatına uyum ve Avrupa Birliği’ne üyelik yolunda yol göstermeyi ve yönetsel kapasiteyi artırmayı amaçlayan araçlar ise, eşleştirme, teknik yardım, eğitim ve üyelik sonrasında geçerli olacak “üyelik

sonrası geiş imkanı’dır. Benzer şekilde, Trkiye’de AB ile iliřkili kurumsallařma yrtme iinde mevcut olup, İzleme ve Ynlendirme Komitesini, Reform İzleme Grubunu, Ulusal Koordinasyon ve Uyum Komitesini ve AB Genel Sekreterliğini ierir. TBMM iinde bir de AB uyum komisyonu bulunmaktadır. Macaristan’dan farklı bir biimde Trkiye 35 bařlığı mzakere edecektir. Aralar, Macaristan’ın kullandıkları ile aynı olsa da, henz yelik gerekleřmediğinden “yelik sonrası geiş imkanı” Trkiye iin sz konusu değıldir.

zetlersek, bu alıřmada iki temel soru soruldu: 1. AB yeliğı zorunlu olarak neo-liberal kamu ynetimi reformu anlamına mı gelmektedir? 2. AB uyum sreci, niter devletler iin zorunlu olarak federalizm anlamına mı gelmektedir? Birinci soruyla ilgili olarak, AB ve AB’ye uyum sreci normatif bir ereve olarak sunuldu ve bu ereve neo-liberalizmin tek alternatif olmadığını gstermek iin sosyal-liberal olarak adlandırıldı. Daha sonra iki değıřken analiz edildi. 1. Kamu harcamaları ve 2. yeni kamu iřletmeciliğı. Macaristan rnek olayı gsterdi ki bu iki politika AB’ye uyum srecinde nkořul değıldir. Bunun anlamı neo-liberal kamu ynetimi reformunun zorunlu olmadığıdır. Byle bir zorunluluk olmamasına rağımen Trkiye’de neden neo-liberal idari reform gerekleřtirildiğı sorusu ekonomik krizler tarafından tetiklenen Trkiye’de devletin rol ve hkmetlerin tercihlerine referans ile yanıtlandı. İkinci soruyla ilgili olarak grld ki AB’ye uyum Macaristan’a referans ile federalizme yol amıyordu. Tam tersine, Macaristan rnek olayı gsterdi ki AB’ye uyum, kamu ynetiminde merkezileřmeye yol aıyordu.

Trkiye rnek olayına gelince, grlmřtr ki, Trkiye zorunlu olmamasına karřın neo-liberal politikalar izlemiş, yeni kamu iřletmeciliğini “yeni ynetim anlayıřı” adı altında sistematik olarak uygulamaya koymuřtur. Eryılmaz’a (2002) gre yeni ynetim anlayıřı, iřletmecilik, giriřimci idare, piyasa-temelli ynetim ve yeni kamu iřletmeciliğinden oluřur. Trkiye’de

yönetişim anlayışı yeni kamu işletmeciliği ilkeleri ile uygulanmış ve somutlaştırılmıştır. Stratejik planlama, çıktı denetimi, kamu sektör birimlerinin özelleştirilmesi, kamu sektöründe rekabet, performans bu örneklerden bazılarıdır. İkinci olarak görülmüştür ki, Türkiye’de devletin rolü ile AB-Türkiye ilişkilerinin hızı birbiriyle ilişkilidir ve 2001’den sonra AB’ye uyum süreci ile idari reform süreci birbiriyle örtüşmüştür. Devletin rolü ile AB (AET) politikaları çatıştığında uyum süreci ya aksamış ya da durdurulmuştur. 1980’lerden sonra, devletin rolü korumacılıktan serbestleşmeye geçildiğinde ancak AB-AET süreci ivme kazanabilmiştir. Özellikle 2001 ekonomik krizinden sonra devletin rolü ile AB uyum süreci birbiri içine geçmiştir. Şubat 2001 krizine yanıt, AB ulusal programı ve IMF anlaşmaları ile verilmiştir. Son olarak, Türkiye’de idari reform AB uyum sürecine eşitlenmiştir. Ulusal program AB’ye uyumu bir numaralı öncelik olarak belirlerken, herhangi bir reform önerisinin AB mevzuatı ile uyum içinde olmasını şart koşar. Dahası, mali kaynak verilmesinde yine AB’ye uyuma öncelik verilecektir. Bunun ötesinde 2003 revize ulusal programı idari reform alanlarını tek tek saymıştır.

Macaristan ve Türk kamu yönetimi reformlarının AB genişleme süreci bağlamında incelenmesinden sonra, görüldü ki her iki ülke de karar verme sürecini daha iyi koordinasyon için merkezileştirmiştir. Temel neden, merkezi hükümetin çok geniş alana yayılan AB mevzuatı ile başa çıkabilmek için merkezi karar verme mekanizmasına ihtiyaç duymasıdır. Yine de, AB işlerinin ele alınması Türkiye ve Macaristan’da farklılaşmıştır. Macaristan dışişleri bakanlığı liderliğinde bir uyum sürecini tercih etmişken, Türkiye’de karışık bir liderlik durumu söz konusudur. Çoğunlukla başbakanlıkta, AB’den sorumlu devlet bakanı sorumluluk yüklenirken, 2007’deki son düzenleme Macaristan’da olduğu gibi dışişleri bakanını bu konuda bir numaralı yetkili yapmıştır. Macaristan ile Türkiye’nin diğer bir farklı noktası Türkiye’nin aksine, Macaristan’da AB işleri için Bakanlar Kurulu içerisinde sadece bazı bakanların sürekli üyesi olabildiği

özel ve küçük bir AB kabinesi olmasıdır. Bununla birlikte, her iki ülke de AB ile ilişkilerde merkezde bir genel sekreterlik modelini tercih etmiştir.

Personel sistemi ile ilgili olarak Macaristan, performansa dayalı ödeme gibi yeni kamu işletmeciliği düzenlemelerine gitse de, Weberyen kariyer sistemini güçlendirmeyi tercih etmiştir. Bununla birlikte, Türkiye'nin tercihi açık bir biçimde yeni kamu işletmeciliği olmuştur.

Bölgesel politikalarla ilgili olarak Macaristan ve Türkiye büyük benzerlik taşır. Her iki ülke de, bölge sistemini özerk bir yerel yönetim birimi olmaktan ziyade, planlama ve istatistik birimi olarak kurmuştur. Her iki ülke de bölgesel kalkınma ajanslarını merkezin etkisi altında kurumsallaştırmıştır. Bu nedenle bölgesel politikalar daha çok “biçimsel” ve “kurumsal” düzeyde kalmıştır.

Yerel yönetimlerle ilgili olarak da, bunların yaşadığı sorunlar açısından hem Macaristan'da hem de Türkiye'de benzerlik söz konudur. Yetkileriyle ters orantılı olarak yetersiz kaynaklara sahip yerel yönetimler merkeze mali açıdan bağımlıdır. İkinci olarak, yine aynı nedenle piyasalaşma yönünde yerel yönetimler baskı altındadır.

Macaristan ve Türkiye örnek olay ve deneyimleri aşağıda sunulan temel sonuçları çıkarmamıza olanak sağlamıştır:

1. Kamu yönetimi reformları için somut bir AB modeli yoktur

Her ne kadar “yönetimsel kapasite” 1995 Madrid Zirvesinde tam üyelik için zorunlu bir ölçüt olarak kabul edilse de, bunun aday ülkeler tarafından nasıl geliştirileceği yönünde bir netlik söz konusu değildi. Muğlaklığı gidermek için temel çözüm birtakım standart ve ilkelerin benimsenmesi olarak görüldü. Yine de AB modeli altında, sadece genel ve esnek ilkeler vardır ki bunlar genel, birörnek ve somut bir AB modeli sunmak için yetersizdir. Bu nedenle AB'nin farklılaşan

etkisi daha çok “biçimsel uyum” ile sınırlı kalmıştır. Bununla birlikte bu demek değildir ki Avrupalılaşma da sınırlı kalmıştır, çünkü bu ilke ve standartlar modernleşme yolunda temel dayanak noktaları olmuştur: Somut bir AB modelinin olmadığı durumlarda, Macaristan ve Türkiye “Avrupa-Batı” yönelimli uluslararası örgütlerin modellerini benimsemişlerdir, örneğin Avrupa Konseyi, OECD, INTOSAI gibi. 2. AB’nin kurumsal bir modelinin bulunması durumunda Macaristan ve Türkiye bunları kendi yönetsel ve kurumsal yapılarını göz önünde bulundurarak yorumlamış ve uygulamışlardır.

2. AB’ye uyum idari reforma eşittir

Macaristan ve Türkiye’de yönetsel reform süreci AB’ye uyum süreci ile birlikte hesaba katıldığında, ikisi arasında güçlü bir ilişkinin var olduğu görülür. Macaristan ve Türkiye tarafından benimsenen ulusal programlar AB üyeliğini gerçekleştirmek için merkez, bölge, yerel ve personel boyutlarını içeren geniş çaplı reformları bu programlara dahil etmişlerdir. Bunun ötesinde hem Macaristan hem de Türkiye sadece var olan yasa ve düzenlemelerin değil aynı zamanda yeni çıkacak ve hatta hazırlanan yasal düzenlemelerin de AB mevzuatına uyum içerisinde olmasını zorunlu kılmaktadır. Son olarak, her ikisinde de kamu yönetiminde modernleşmenin amacı AB’ye tam üyeliktir. Genel ve özel idari reform AB’ye tam üyelik için birbirini desteklemiş ve sonuç olarak idari reform süreci ile uyum süreci birbirine eşitlenmiştir.

3. Avrupalılaşma yoluyla reformların kapsamı genişletilmiştir

İdari reform Türkiye’de 1960 ve 1970’lerde ve Macaristan’da 1990’larda etkili bir kamu yönetimin için personel de dahil olmak üzere merkez ve yerelin “yeniden örgütlenmesi” ile sınırlık iken Türkiye ve Macaristan’da idari reformun kapsamı 1990’ların ortasından itibaren modernleşmenin bir parçası olarak mali yönetim ve kontrol, bölge ve e-devlet gibi konuları da kapsayacak biçimde

genişledi. Bu reformların ivme kazanmasında Avrupalılaşma süreci ulusal programların benimsenmesinden sonra bir çıpa görevi görmüş ve devletin düzenleyici rolü ile uyum içinde gelişmiştir.

4. AB'ye uyum merkezileşmeye yol açabilir

AB'ye uyum sürecinde ve yönetim anlayışında yerel ve ulusal düzeylerde merkezileşme eğilimi söz konusudur. Goodwin ve Painter'ın (1996: 636) “siyasal otoritenin yeniden merkezileşmesi” anlayışında belirttiği gibi merkezileşme sadece siyasal merkezde değil, ayrıca çoğunlukçu kurumlar, yani düzenleyici kurumlar örneğinde olduğu gibi, yönetsel merkezlerde de gerçekleşmektedir. Bununla birlikte altı çizilmesi gereken nokta, yerel yönetim reformlarının Türkiye’de merkezileşmeyi seçilmiş ajanlar aracılığıyla bile güçlendirdiğidir. Örneğin anakent belediyeleri, ilçe belediyeleri üzerinde yönetsel vesayet gücüne sahiptir. Dahası, Akbulut’un (2007b) belirttiği gibi Türkiye’de yerel demokrasi “belediye başkanı demokrasisi”dir, zira bunlar kendisine bağımlı yerel meclisler karşısında çok güçlüdürler. Yerel yönetim gelirleri bağlamında, bunların merkezi bütçeye oranları karşılaştırıldığında ise, 1997’den bu yana Türkiye’de bir düşüş söz konusudur. Macaristan örnek olayı da göstermiştir ki Başbakanlık AB sürecinde güç kazanmış, bölgesel politikalar da siyasal merkezin etkisinin artmasına neden olmuştur. Sonuç olarak, yönetim ve Avrupalılaşma söylemi ne olursa olsun, Türkiye ve Macaristan örnek olayları incelendiğinde merkezin kendini yeniden üretmesi bir gerçekliktir.

5. Avrupa Birliği genişlemesi neo-liberal kamu yönetimi reformunu zorunlu kılmaz

Hooghe ve Marks’ın (1999) belirttiği gibi, AB içinde en azından iki karşıt ve mümkün proje söz konusudur. Bunlardan ilki neo-liberalizm, diğeri de düzenlenmiş kapitalizmdir, örneğin, sosyal demokrasi. Bu tezin temel

amaçlarından biri neo-liberal projenin AB'ye uyumda ne zorunlu ne de bir ön koşul olduğunu göstermektir. Macaristan olayı göstermiştir ki neo-liberalizmin iki temel politikası (kamu harcamalarının azaltılması ve yeni kamu işletmeciliği) aday ülkelerin takdirine bırakılmıştır. Demek ki AB, sosyal-liberal sentezin eylemler olanağı sunduğu bir çerçevedir. Sosyaldır çünkü sosyal harcamalar da dahil olmak üzere kamu harcamalarının azaltılmasını zorunlu tutmaz. Ayrıca yüklü bir miktar yardımı yapısal fonlar aracılığıyla sağlamaktadır. Liberaldir çünkü piyasa ekonomisini savunur ve siyasal özgürlüklerin geliştirilmesini ister. Bir çerçevedir çünkü tek bir kamu yönetimi modeli AB'de yoktur. Bu nedenle AB'nin yönetsel reform anlayışı esnek ilkelere dayanır. Sonuç olarak, aday ülkeler sosyal veya liberal politikalar (veya her ikisini de) uygulama gücüne sahiptir. Örneğin, Türkiye örnek olayı göstermiştir ki bir aday ülke AB üyeliği için neo-liberal bir projeyi seçebilir. Bu çalışmada görüldü ki, Türkiye'deki yönetim pratiği neo-liberal ideoloji ile dolaşıktır. Bu nedenle bu yönetim anlayışı “yeni kamu işletmeciliği olarak” tanımlanmıştır (Rhodes: 1996). Bu yalnızca yasal metinlerde değil aynı zamanda reformun toplumsal mücadelesi alanında da söz konusudur. Sendikaların aksine, Türkiye'de iş adamları örgütleri yeni kamu işletmeciliğinin ve neo-liberal ideolojinin ilkeleri ile uyum içindedir.

Sonuç olarak, bu çalışma göstermiştir ki adaylık sürecindeki bir ülkenin hükümetleri, Avrupa Birliği'ne uyum süreci bağlamında kamu yönetimi reformuyla ilgili olarak hareket alanına veya politika seçeneğine sahiptir.

APPENDIX B

CURRICULUM VITAE

PERSONAL INFORMATION

Surname, Name: Şener, Hasan Engin
Nationality: Turkish (TC)
Date and Place of Birth: 3 October 1978, Trabzon
Marital Status: Married
Phone: +90 312 210 20 77
Fax: +90 312 210 79 82
E-Mail: sener@metu.edu.tr

EDUCATION

Degree	Institution	Year of Graduation
Ph.D.	Middle East Technical University, Political Science and Public Administration	2008
MS	Ankara University, Public Administration	2002
BS	Ankara University, Public Administration	2000
High School	Bursa Atatürk High School	1995

WORK EXPERIENCE

Year	Place	Enrolment
2002- 2008	METU	Research Assistant

FOREIGN LANGUAGES

Advanced English, Intermediate French, Basic Hungarian

PUBLICATIONS

INTERNATIONAL

CHAPTER IN A BOOK

“Territorial re-organisation of Hungary,” in **Central European Case Studies**, Peter Smuk (Ed.) Batthyány Lajos Szakkollégium: Győr, ISBN: 978-963-06-3860-9, pp. 90-120, 2007.

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