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State and Administration in a Changing World

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During my presentation I am going to ask a question about how the world is changing and what are the main challenges resulting from it. Then I will address the issue how the state is changing and how the public sector responding to it.

I am going to finish my presentation with some remarks about the current economic crisis and the challenges arising from it.

The main challenges arising in the face of constant change

As the saying goes, there is nothing more constant than change. It is happening all around us, almost on an everyday basis. Usually, we don't like changes, because it is difficult adjusting to new trends and new mechanisms - sometimes even painful. Normally we get comfortable doing things in the same old way.

At the same time what we know for sure is that we are living a world in constant change. We must accept the flow of variations and adjust to it. And a public sector is among those bodies that must do the adjusting, adopting new approaches and new tools in various areas of its activity. The shape of administration is changing, unavoidably, but even desirably in many respects.

In these new circumstances, the fundamental challenge for the public administration is to remain effective and efficient in what it does on a daily basis. It would not be wise to say that our professional structures are undergoing a complicated process of change or restructuring, and so are providing our citizens with worse public services. Our civil servants must deliver outcomes, because their work is a real contribution to the life-chances of our citizens, as well as a key ingredient in enhancing the competitiveness of national economies. The public administration must always remain good at its main vocation, which is to organise wide-ranging policymaking processes, and to implement the results of them.

How is the world changing?

Now let me describe the changing context or framework for policymaking. In the course of the two last decades the world has seen many new phenomena emerging to change the way we do our thing each day, in administration.

First of all, we have been witnessing tremendous advances in globalisation. Many aspects of our national life have become part of the global dimension. Globalisation is a result of many processes like advances in technology, liberalization in market forces, social and technical innovations, the collapse of the Communist bloc, easier communications, etc. We see that global interdependence is more and more intense. Globalisation seems omnipresent, and we learn about new consequences of it almost every day. And this is very likely to go on being true...

The Administration has to have answers to all this. The main challenge is to build up the potential allowing it to operate in the international environment. What is now specific is a blurring of differences between the international and internal state spheres. A multitude of

developments abroad are affecting our internal affairs. The roots of internal problems and potential solutions often lie beyond our borders. The nation state alone cannot be effective in solving problems like environmental protection, currency crises or drug trafficking, which are transnational in character. Rapidly evolving normative change in such fields as human rights and the consent for humanitarian intervention is rapidly changing conditions in which the state exists.

How is the state changing?

In the new reality, many of us can pose questions regarding the sovereignty of today's nation state. Here, many fundamental changes are undoubtedly taking place. The traditional concept of Westphalian sovereignty has been challenged intellectually by many schools of thought, and we have to accept that the notion has lost much of its old meaning. Sovereignty is no longer either sacrosanct or taken for granted. Today the state has to learn how to protect as much sovereignty as possible by improving its professional capabilities or building up its skills and qualifications base.

Some say that the authority of the state (and therefore its sovereignty) is "leaking" or "evaporating" away to such outside entities as transnational corporations or civil society organisations. In other words, states have less and less power to contribute – on their own – to the shaping of the international environment. What is more, James N. Rosenau observes that the sovereignty is collapsing what is reflected by the diminished loyalty of citizens to the state, low voter turnouts, tax fraud, law evasion, draft-dodging or emigration. In this case the internal power of the state to act on its own is becoming more and more limited. The two processes, i.e. the "leaking" and "collapsing" of sovereignty occur side by side and complement each other. While we can think of the first in terms of a pricked balloon, the second can be compared with a collapsing house of cards.

Social scientists adhering to more traditional views, however, maintain that state sovereignty has not been weakened but rather strengthened. Contemporary developed countries are likely to enjoy much greater sovereignty than their historical European predecessors.

The state must learn how to survive. It must be open, and must develop and differentiate its contacts with external environments, while preserving its integrity. States have to improve their ability to meet their traditional obligations in new circumstances - to collect taxes, redistribute income and pursue efficient macroeconomic politics. Those states which are inefficient run a risk of getting stuck in the black holes of the global economic system.

How is the public administration changing?

On the public scene we see many new social and economic actors whose prominence or influence seems to be greater and greater. On its own, the public sector can no longer be an effective policymaker. It has to seek out good company, bearing in mind the huge resources generated by other bodies in society like think-tanks, universities, non-governmental organisations and different professional groups. We are witnessing a development of networked governance or governance exploiting various kinds of networks in producing key ingredients for policymaking.

The main challenge is to abandon the traditional top-down means of policymaking and governance. If we assume that the policymaking process is based on knowledge resources, there is no doubt that the public sector cannot be separated from the outside world. Civil

servants must be knowledge workers seeking various partners with relevant knowledge resources. That is why there is so much talk of different kinds of partnerships when it comes to the supplying of many public services. What we can see around the world is complex public-private, network-to-network collaboration at work.

We see many interesting developments in social dialogue. In many countries, social partners have become involved in producing anti-crisis policy packages. They are part of complicated process of policymaking at national and regional level. Many national governments seem determined to work alongside social partners, in the hope of producing outcomes that will improve society's economic wellbeing in times of hardship.

Now, the governance has adopted the shape of networks operating outside of hierarchical principles and based on the role played by intermediaries and mediating structures such as neighborhood groups, churches, trade unions, government agencies and non-governmental institutions of civil society. All of these make a specific contribution to public services.

The concept of "good governance", however, maintains that the state remains at the center, being responsible for setting the rules of the game and exercising a supervisory function. As a member of a broader constitutional order, it is also limited by the same rules.

The challenge is to respond to this in a active and fundamentally innovative way. We have to build public administration as a great asset to our national communities. Future events are obviously unpredictable, but we can rightly expect the public administration to remain a key ingredient in the way we manage social issues and public order.

Professor Guy Peters rightly wrote that "The government has become a pervasive fact of everyday life and [...] public administration has become an especially pervasive aspect of government". There are many reasons to expect this trend to be maintained in the future. We can see that the public domain is growing bigger, thanks to increasing interdependence among human beings. In consequence, the public sector must produce more and more public policies to be able to balance various interests, and ensure an inclusive society and a sustainable economy.

In my view, the main challenges in policymaking arise in the area of the wise regulation of business activity, the promoting of socially sustainable entrepreneurship, effective knowledge management and education as the most effective way of adjusting to new social phenomena. Of course there are many more challenges, and it would be impossible to list them exhaustively, but I would like to point to such concerns as ageing in many advanced societies, the dangers regarding social exclusion and the consequences of a poor record in education. The public sector must be able to create real strategies and innovative solutions responding to modern-day concerns as regards these problems, as well as social needs.

The main challenge – financial crisis

In the course of the last year, the financial crisis has emerged as a fundamental challenge. It seems to be the most dangerous economic crisis since the Great Depression. As a world community, we face many possible dangers in various areas of the public domain. The problem is that it can easily turn into a prolonged slump. This crisis is absolutely global by

nature. Now for all of us it seems quite obvious that, to restore financial stability on the national level, the world economy must recover.

This crisis and subsequent events through the last months have shown us the great scale of interdependence in the world. We must fully realise that this interdependence creates a framework we should work within. Our internal markets have become intertwined with one other. A recession in one country, will affect all others. This is the way today's markets work, and there is nothing we can do about it.

But as the public administration we can work out various targeted strategies to prevent the worst scenarios regarding the spread of economic viruses from becoming a reality. What is more, we must be able to deal with many unavoidable consequences of the crisis. Many sections of our societies face different forms of hardship in time of recession. They need modern welfare policies or well-focused active labour market policies to prevent the destruction of the skills and qualifications base from taking place.

These days, the public administration can show its potential for coping with the greatest of dangers unseen for years. It can build up its image as a key contributor to economic well-being. Public opinion must regain its conviction that our national administrations are cost-effective as well as innovative in their approaches to issues such as the regulating of business or labour markets, or the devising of whole anti-crisis packages.

The essential issues arising out of a question as to how to manage our human resources in times of crisis. We are operating within financial limitations imposed by budget deficits, but must at the same time remain efficient in dealing with time-consuming and expensive economic and social problems. There can be many contradictory tendencies within our organisations, but we can overcome them if we know how to turn our current obligations and operations into a mission to fulfil for our societies.

The questions I have been referring to will be the subject of next year's conference, taking place in Warsaw. I am sure that our debate will be a vigorous and forward-thinking one, that will give us a great deal of food for thought.