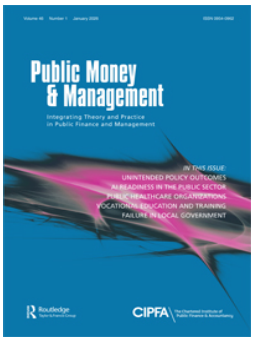

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Debate: Thirty five years of public sector reform in Central Europe

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This article aims to stimulate discussion about the ideas and conclusions of the research on three and a half decades of public sector reforms in 11 Central European countries (de Vries & Nemec, 2025).

At first glance, the core developments could be judged positively. In the 1990s, with substantial financial and technical assistance from international organizations, our 11 countries managed the transition from centrally-planned economic systems within the Soviet bloc—where governments controlled production and economic activities—to free-market economies. Through further reforms, they became eligible to join the European Union and the first of them successfully achieved full membership in 2004. Furthermore, between 1990 and 2021, the Human Development Index—which measures life expectancy, years of schooling, and gross national income (GNI) per capita—increased significantly in all 11 countries, on average between 16 and 23%. The economic performance significantly improved, too. Proponents of the transition—and who isn't—can feel satisfied.

However, these statistics must be taken with a grain of salt, since the discrepancy between n ew and old EU members has barely diminished. Averages obscure differences both between the Central European countries and within them. Moreover, the effects of the secession of these countries from the Soviet bloc and their subsequent EU membership did not benefit all citizens (to say the least). In most of the countries, the GINI index increased by approximately 50% and, in Bulgaria, it almost doubled between 1990 and 2021 implying that most of the benefits went to a small portion of the population.

In de Vries and Nemec (2025) we argue that, while reforms continued since the beginning of the transition, they had many side-effects—or, in the words of Merton (1936), 'unanticipated consequences'. Promises and hopes did not sufficiently materialize (for all). At the beginning of the transition, there was hope that social and economic conditions would improve significantly and very fast. When these countries became EU member states, hopes surged again. Joining the richest part of the world came with great expectations.

There were positive effects of the reforms, especially for those able to benefit—such as from privatization or through corrupt practices involving international financial assistance. However, large parts of the population, especially minorities, did not benefit. Instead, they experienced unemployment, disappointing institutional change, and rising costs for healthcare, education, and public service delivery. This led to political instability and frequent changes in government coalitions. Electoral outcomes often favored the opposition. Public dissatisfaction, in our view, was rooted in unmet promises. This may explain the growing support for populist, anti-EU parties in these countries. When politicians make promises that raise expectations but fail to deliver, and the public perceives them as self-serving, trust is lost, and people turn to populist alternatives. Given the unmet expectations of improved social and economic conditions after leaving 'Big Brother' Russia and joining the 'Sweet Sister' EU, the enduring low trust in government across these countries is understandable.

Our analysis is based on a review of extensive literature on reforms in the Central European countries, as well as our own analyses of the reforms' impacts. We categorized the reforms into:

- *Regime reforms*, which involved the shift from centrally planned to free-market economies: trade liberalization, liberalization of inward FDI, privatization of state-owned enterprises, deregulation, and legal protection of property rights. This also included reforms necessary for EU accession according to the *acquis communautaire* and, later, reforms based on good governance and new public governance principles. These reforms were driven initially by the World Bank and IMF, later supported financially by the EU and technically by the OECD's SIGMA agency. Following EU accession, the countries received around half a trillion euros in EU funding.
- *Institutional-level reforms*, which included reorganizing public sector agencies, redistributing authority and responsibilities among them, and introducing operational changes: new budgeting methods, digitalization, modern project management, performance management in service delivery, and changes to practices in direct and representative democracy.
- *Individual-level reforms,* which focused on enhancing the capabilities of public officials by changing recruitment practices and career development systems.

The reforms at all three levels had unanticipated consequences. This was partly due to a lack of knowledge about how to implement such reforms, and partly because many advisors failed to consider cultural differences between the Central European countries and the Anglo-Saxon countries where reform advice originated. As Pollitt and Bouckaert (2017) noted, in Central European cultures, the state is the central integrating force, concerned primarily with the creation and enforcement of laws. Administrative law is central, and respect for legal authority is high. In contrast, governments in Anglo-Saxon countries are seen as less dominant—often as a necessary evil. Reform advisors from those countries were largely unfamiliar with how to navigate the cultural and historical context of the Central European nations.

Therefore, we describe these reforms as examples of 'Columbus management'. Columbus had only a vague idea of the world's shape, didn't know where he was going or the optimal route, and didn't know where he had arrived. The journey involved considerable hardship and was accomplished at the expense of others.

Institutional reforms, particularly fell short of expectations. Driven by dominant New Public Management (NPM) ideology, they can be characterized as a form of 'Rasputin management'. Rasputin, a Russian monk in the late 19th and early 20th centuries, convinced the imperial family that he had healing powers. He claimed physical contact with him would purify others. A similar kind of faith surrounded the NPM-based reforms, which stemmed from belief in the superiority of the free market. International organizations pushed for such reforms based on a neoliberal ideology and the unfounded assumption that private-sector service delivery is inherently better. This belief was supposed to deliver cheaper, higher-quality, and more innovative services. However, performance data from the Central European public sectors tell a different story.

Reforms aimed at capacitating individual officials included the adoption of restrictive civil service laws—mandated from the start and especially emphasized by the EU during accession. These laws sought to create a merit-based administrative system and dismantle patronage. OECD/SIGMA frequently pointed out the absence of such laws and the need to implement them. But once adopted, the laws proved unsustainable in most countries. We label this phenomenon 'Houdini management'. Houdini, the famed escape artist and president of the Society of American Magicians, was known for his escape acts, which some accused him of faking. Civil service laws in Central Europe were meant to constrain political interference in hiring and promotion. But many politicians disliked these 'handcuffs' because these limited their ability to appoint loyal allies. Appointments were not just about rewarding friends but also about controlling decisions. So, like Houdini, they found ways to escape the constraints of these laws.

The regression in Central European development, which is visible especially after 2005, is frequently called as the 'tragic backsliding of the weak and chaotic democracy in Central Europe' (Ágh, 2020, p. 376).

Because of unmet socio-economic expectations and regressive development of the quality of governance, in response, people have exercised both the 'exit' and 'voice' options—exit through emigration or disengagement, and voice through protests, elections, and demonstrations. Both have been visible across Central Europe.

To conclude, the visualization of problematic side-effects of reforms is not about blaming specific actors. From an institutional theory perspective, institutions can be seen as bodies (formal and informal) charged by a society with making, administering, enforcing, or adjudicating its laws or policies. North (1990, p. 110) suggested that 'the specific institutional constraints dictate the margins at which organizations operate and hence make intelligible the interplay between the rules of the game and the behavior of the actors'.

During critical junctures, and the transition in the early 1990s was a critical juncture, such institutional constraints disappear, and with them, the predictability of the decisions made during such periods. The direction of reforms, the sequencing, reversals, progress and backsliding, the extent to which negative side-effects are mitigated, the appearance of rent-seeking behavior—all become almost random events dependent on the decisions of unconstrained individual actors.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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