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NEWGOV **New Modes of Governance**

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CO	Confidential, only for members of the consortium (including the Commission Services)	

Summary

The Interim Seminar was organized by the Institute of Public Affairs on 20 February 2006. The reason to hold the seminar was to conclude the first part of the research conducted by a team of international researchers within the NEWGOV project. The new mode examined was social dialogue. Researchers from Poland, Lithuania and Estonia gathered to discuss their research findings with scientists from outside of the team, both from the NEWGOV consortium and outside.

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I. Introduction: The scope of research

The research co-ordinated by the Institute of Public Affairs was conducted in three new Member States: Poland, Lithuania, and Estonia. The first stage of research was devoted to the analysis of the new modes of governance related to the introduction of the social dialogue institutions. The definition of social dialogue proposed in the research refers to the socio-economic issues, in particular to the regulation of the labour market, industrial relation, government social policy, etc. The research focused on the national institution of the tri-partite dialogue in the above mentioned countries.

The initial stage has consisted in the specification of research objectives and the elaboration of the methodology, research schedule, and the researchers' tasks. Concurrently, there was prepared three background papers. The first one describes social dialogue in the European Union¹. It presents model solutions referring to social dialogue at the European level as well as social dialogue institutions in the selected 'old' Member States. The second background paper² examines the social dialogue in the countries that witnessed political transformation (Polish case). It gives special consideration to the functioning of the tri-partite commission. The third background paper³ presents application of the state capacity concept to the situation of the new member countries and European Union. During the meeting were presented main conclusions and deliverables⁴ of this stage of research.

II. The main conclusions

- The analysis proves that the effectiveness of social dialogue measured by the number of reached and enforced agreements depends on three intertwined factors: (1) the state model binding in the given country; (2) political and administrative culture; (3) quality of institutional solutions that shape social dialogue.
- Socialist legacies largely distort the introduction of new modes of governance: e.g. the tradition of centrality of state, the overwhelming dominance of political parties, low standards of policy-making process (accountability, transparency, lack of coordination), underdeveloped civic sector.
- The implementation of NMGs is slowed down by the radical logic and system of transition, e.g. democracy as the unconditional rule of elected officials, totally free market as a solution to all social problems, the belief in the 'return to the West' as formal transposition of norms and practices etc.
- The introduction of new modes of governance is slowed down by the deficiencies of transition process: NMGs are introduced amidst the conflict between the logic of

¹ T. G. Grosse (2005): *Social and civic dialogue in European Union and western European countries*, background paper.

² O. Napiontek (2005): *Social dialogue in Poland*, background paper.

³ T. G. Grosse (2005): *State capacity in new EU member countries and European Union*, background paper.

⁴ T. G. Grosse (2005): *Democratization, Capture of the State and New Forms of Governance in CEE countries, Inception Report*; M. Fałkowski (2005): *Tripartite Commission, Effectiveness, Legitimacy and Pathologies of Weak State, Case study Report Poland*; R. Stafejeva (2005): *Tripartite Commission, Effectiveness, Legitimacy and Pathologies of Weak State, Case study Report Lithuania*; E. Sootla (2005): *Tripartite Commission, Effectiveness, Legitimacy and Pathologies of Weak State, Case study Report Estonia*; O. Napiontek, M. Fałkowski (2005): *Civic Dialogue in Poland. Consultations of the Draft of the National Development Plan 2007–2013*, T. G. Grosse (2006): *New Methods of Governance in New European Union Member States. A report on social dialogue in selected European Union countries*.

democracy (legitimacy) versus the logic of (bureaucratic and market) efficiency, intensive and extensive reforms are bringing about reform fatigue and ‘hunger’ for central directives, power distribution issues dominate political agenda and respectively structure political relations (adversarialism) – which hinders typical governance values (accountability, transparency, consensus etc.).

II.1 Differences between examined countries

Differences between Lithuanian social dialogue and the experiences of the other two countries lie in the following reasons: (1) different capitalist institutions introduced in those countries and preferred attitudes with respect to the directions of economic transformations; (2) different political and administrative culture; (3) different quality of dialogue institutionalization. Building *liberal market capitalism* in Estonia and Poland is less favourable to the effectiveness of dialogue institutions. More favourable are solutions relating to the *coordinated model*, as shown by the Lithuanian example. Our study shows differences in political and administrative culture, which influence the effectiveness of dialogue institutions. For example, in Poland exists *culture of negative dialogue* which reinforces the rivalry between social partners and diminishes possibility to make compromise. In Lithuania, the *culture of consensus* is an important factor influencing the functioning of that institutions. Furthermore, the shape of institutions that organize social-dialogue activities has a direct impact on the effectiveness of concluded agreements. Certain solutions have the purpose of channelling discussions at the forum of the tripartite institution for the purpose of encouraging the parties to search for an agreement within its framework. Institutions can also hinder conclusion of agreements and cause an “ejection” of social partners outside the tripartite convention.

Table 1: Differences between examined countries

	<i>Poland</i>	<i>Lithuania</i>	<i>Estonia</i>
<i>Independent Variables</i>			
<i>Dominant state model</i>	<i>administrative state model</i>	<i>administrative state model</i>	<i>administrative state model</i>
<i>Capitalist institutions</i>	hybrid institutions with tendency to <i>market capitalism</i>	<i>coordinated model</i> with <i>Nordic model</i> institutions	<i>market (liberal) model</i>
<i>Political and administrative culture</i>	<i>culture of negative dialogue</i> , strong politicization of social partners; politicization of social dialogue institutions	<i>culture of consensus</i> , lack of politicization of social dialogue institutions	Domination of political (<i>majoritarian</i>) institutions over social dialogue institutions
<i>Institutionalization</i>	institutions which hinder agreements, <i>vicious circle that weakens dialogue</i>	institutions which hinder agreements	institutions which encourage agreements
<i>Dependent Variable</i>			
<i>Effectiveness</i>	low	highest	low

II.2 Two basic models

The starting point for analysis was the differentiation between two state models that apply to relations between state administration and civic society. In the *administrative state model*, we are dealing with a model of a state reduced primarily to the dimension of state administration structures directly engaged in the performance of particular social-area activities. In the second, *network state model*, the state is treated as a network of institutions within the framework of which state administration is one of several subjects co-participating in the performance of public policies. Public policies in this model are a result of interactions within the network of social co-operation and to a large degree constitute a product of the activity of the civic society.

Application of Max Weber's ideal-type methodology⁵ to the analysis of social dialogue in new member countries has shown not only persistence of old methods of management. It has demonstrated different concepts of *state capacity*⁶ in both models, diverse role of state administration and social partners, as well as different functionality of social dialogue institutions in relation to *strength/weakness of the state*. In network model strength of the state is based on the institutional quality and effectiveness of social dialogue. Consequently, state capacity in the network state model requires strong and autonomous non-governmental organizations and effective institutions tasked with bridging administration and social partners. In administrative state model social dialogue institutions are considered reducing effectiveness of public policies and weakening state capacity. Therefore functionality of social dialogue is limited to a situation of weakness of government, when those institutions are instrumentally used to support government policies or popularity of politicians.

II.3 Logic of transition and EU accession

The state model impacts the way by which new modes of governance involving social dialogue are implemented in practical activities of state administration in EEC countries. Instead of changing it toward the network model, they are absorbed by the administrative model. This is partly associated with the peculiar period in the transformation process which requires strong political and administrative leadership and, consequently, favours familiar solutions of the administrative model rather than experimentation with a new one. Therefore, a strong state which is efficient in using traditional (old) modes of governance conditions successful systemic transformations. This is particularly important when a country moves from socialist to capitalist economy and tries to successfully join the global economic system. However, does this rule also apply to democratization of the state and social participation in administrative works? As the analysis has shown, new modes of governance transferred from highly developed countries where can function well in the network model but cannot offset the weaknesses of an administrative state model. This may mean that a successful application of new modes of governance involving social dialogue requires not only a reinforcement of state capacity but also development and preservation of the network state paradigm.

A change of the state model toward the network one in CEE countries would conform to the paradigm of new modes of governance which have grown in matured democracies with well developed civic societies. However, systemic transformations require imposing quick, multi-faceted and socially painful reforms. Meanwhile, European integration necessitates the adop-

⁵ M. Weber (1949): *The Objectivity of the Sociological and Social-Political Knowledge*, in: M. Weber, *On The Methodology Of The Social Sciences*, Free Press, New York.

⁶ *World Development Report 1997. The State in a Changing World*. The World Bank and Oxford University Press, Oxford – New York 1997, s. 77, T. G. Grosse (2005): *State capacity... ibid.*

tion of a vast range of European legislation in a short time, essentially without any possibility of modifying it to fit local social conditions. This is why weakening social dialogue and using it instrumentally by politicians for the sake of achieving the goals of systemic transformations and European integration is more functional in the examined countries.

II.4 Socialist legacy

The *administrative state model* dominates in accordance with the socialist legacy. It is reinforced by domestic political culture and customs present in administration. It is very difficult to change that model despite a great deal of effort accompanying systemic transformations. Administrative state model prefers old methods of governance and hierarchical management of public policies. *Path dependency*⁷ in administrative behaviour is consistent with earlier studies⁸, which indicate persistence of traditional modes of governance in European Union policies. It is despite the attempts of the European Commission to introduce new paradigm of network governance in which the state becomes a mediator rather than a steering actor.

II.5 Weak institutionalisation of social dialogue

Social-dialogue institutions are weak in the circumstances of new EU member states, whereas Europeanization of state administration with respect to social dialogue is superficial. The transfer of these institutions is poorly adapted to the conditions present in those countries. Its focus on the practical application of these new modes of governance in the improvement of the effectiveness of public policy execution is limited. It should be noted that this predicament is not only linked to the specificity of transformations in CEE countries but also to the weakness and internal differentiation of social dialogue blueprints borrowed from Western Europe. In addition, methods of governance transferred to the examined countries from the European Union were applied in an inconsistent, even contradictory, manner. This refers especially to the contradiction between “hard” modes of governance associated with a unilateral transfer of legal regulations and “soft” methods of governance involving, for example, social dialogue⁹. The import of EU laws did not essentially assume any possibility of adapting new institutions to social conditions present in new member states, and that rendered social dialogue meaningless. Moreover, the gigantic volume of that transposition in a relatively short time practically excluded initiation of public consultations.

The frailty of institutionalization of social dialogue in the examined countries is expressed, for example, by the dependency of dialogue institutions on political and personal factors, as well as influential interests. They are associated with *complexes of branch connections*. Consequently, the incompatibility of new modes of governance with the binding state model and political culture makes them functionally ineffective and causes them to be often executed in a manner distant from the objectives of their introduction. They can also perpetuate organiza-

⁷ For a comparison of the definition of *path dependency* in social sciences see R. D. Putnam, R. Leonardi, R. Y. Nanetti (1993): *Making Democracy Work*, Princeton University Press, Princeton, pp. 179-181; P. Pierson (2004): *Politics in Time. History, Institutions, and Social Analysis*, Princeton University Press, Princeton and Oxford, pp. 17-53.

⁸ B. Kohler-Koch (2002): *European Networks and Ideas: Changing National Policies?* European Integration online Papers (EIoP), vol. 6, no. 6, <http://eiop.or.at/eiop/texte/2002-006a.htm>; R. Eising, B. Kohler-Koch (1999): *Introduction: Network Governance in the European Union*, In *The Transformation of Governance in the European Union*; edited by R. Eising and B. Kohler-Koch. London: Routledge: 3-13.

⁹ More on “hard” and “soft” methods in European Union policies: D. M. Trubek, P. Cottrell, and M. Nance (2005): “*Soft Law*,” “*Hard Law*,” and *European Integration: Toward a Theory of Hybridity*, Jean Monnet Working Paper 02/05, NYU School of Law, New York.

tional pathologies of a weak state and contribute to its further weakening. This is also linked to the *vicious circle* mechanism of weakening social-dialogue institutions. Instead of searching for solutions that would correct and reinforce these institutions, decision-makers try to circumvent them or look for agreements outside tripartite negotiations. One of the ways of avoiding is (similarly to the western European countries experience) a tendency to decentralise the system of social dialogue. One more way is creating more convenient forums of dialogue, for instance “jumping” to the arena of civic dialogue. Similarly to the experience of *social pacts* in western countries, this type of political initiative did not lead to the construction of permanent national-level civic dialogue structures and procedures, but was rather a one-off consultative and propaganda campaign serving the ends of government policy. The main aim of this practice was to render public policy-making more effective by avoiding institutional stalemate and deadlocks¹⁰. But in circumstances of administrative state the application of the new mode of governance of civic dialogue turned out to be completely ineffective, as Polish example has illustrated.

II.6 Legitimacy

Under these conditions, the legitimizing function is the fundamental role reserved for social dialogue. It is parallel to the EU experience, where social and civic dialogues serve the legitimization of the European integration and individual European policies, compensating *democratic deficit* of community institutions¹¹. However, in EEC countries, dialogue institutions seem to be used less for the purpose of gaining societal acceptance of difficult systemic changes or public policies and more for the purpose of compensating for the weakness of the parties to dialogue. It is used by social partners and administration representatives, including politicians preparing for elections, to raise their standing in the society.

¹⁰ Comp. A. Héritier (2003): *New Modes of Governance in Europe: Increasing political efficiency and policy effectiveness*. In: Tanja A. Boerzel and Rachel Cichowski (eds.), *State of the European Union*. Oxford, Oxford University Press, 105-126.

¹¹ Comp. V. A. Schmidt (2003): *The European Union Democratic Legitimacy in a Regional State?* Political Science Series no. 91, Institute for Advanced Studies, Vienna.

III. Programme of the Seminar

New Modes of Governance

Interim Seminar: Civic and Social Dialogue in New Member Countries of the EU

20 February 2006, Institute of Public Affairs

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| 10:30 | Opening of the seminar
Professor Lena Kolarska-Bobińska, IPA Director |
| 10:45 | <i>Social and civic dialogue in Central Europe. Key finding of the research</i>
Dr Tomasz Grosse, IPA NewGov Senior Researcher |
| 11:15 | Discussion |
| 11:40 | Coffee break |
| 11:50 | <i>Similarities and differences of new modes of governance in new EU member countries</i>
Erik Sootla, author of the report “Social and civic dialogue: Estonian case” |
| 12:20 | Discussion |
| 12:45 | Lunch |
| 13:20 | <i>Civic dialogue: old or new mode?</i>
Mateusz Fałkowski, IPA NewGov Researcher |
| 13:50 | Discussion |
| 14:15 | Cluster leader final remarks
Professor Tanja Boerzel, Free University Berlin |

IV. Participants

1. Tanja Boerzel, Professor, Free University Berlin; NewGov Cluster Leader
2. Galia Chimiak, Institute of Philosophy and Sociology, Polish Academy of Sciences
3. Jan Czarzasty, Researcher, Warsaw School of Economics
4. Mateusz Fałkowski, IPA NewGov Researcher
5. Tomasz Grosse, IPA Senior NewGov Researcher
6. Piotr Maciej Kaczyński, IPA NewGov Coordinator
7. Lena Kolarska-Bobińska, Professor, IPA Director
8. Jacek Kucharczyk, IPA Director for Programming
9. Olga Napiótek, IPA NewGov Researcher
10. Józef Niżnik, Professor, Institute of Philosophy and Sociology, Polish Academy of Sciences, CONNEX Team
11. Ewelina Skwarczyńska, IPA NewGov Intern
12. Erik Sootla, Estonian NewGov researcher
13. Rita Stafejeva, Lithuanian NewGov researcher