

DEMSTAR

Democracy, the State, and Administrative Reforms

State of the State in Latvia

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with

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(Research Design and Implementation) &

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(Compilation of Appendices)

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Table of Contents

Preface	9
Summary.....	11
Purpose and practical implementation of research.....	12
Theoretical context	13
Capacity versus capability, and efficiency versus effectiveness.....	15
Components of capacity	16
State types and state capacity.....	16
Mode of democratic government	20
The type of government	20
Contextual factors.....	21
Analyses.....	21
Background information	22
The relation between ministers and their officials.....	24
The Relation between central decision-makers and civil society.....	29
The Influence of outside actors.....	31
The role of foreign actors.....	33
Decision-making.....	34
Implementation and corruption.....	39
Summary analysis	44
Assessment of the methodology and the questionnaire.....	46
Notes	48
References.....	50

Appendices (see www.demstar.dk)

1. Background Information for Interviewers
2. Questionnaire (English Version)
3. Questionnaire (Latvian Version)
4. Questionnaire Frequencies and Quotes
5. Governments in Latvia since Independence
6. The Formal Structure of Government in Latvia (from 1990)

List of Figures

Figure 1. Government capacities and effectiveness: levels of explanation.	18
Figure 4.1. Respondents' age and sex (in percent).....	22
Figure 4.2. Importance of parties in decision-making (in percent of respondents).	37
Figure 4.3. Most important party structures/actors, ministers before 1995 (percent).....	38
Figure 4.4. Most important party structures/actors, ministers after 1995 (percent).	38
Figure 4.5. Misuse of status positions as perceived by Latvian ministers (in percent).....	41
Figure 4.6. Perception of misuse on different levels of government (in percent).	41
Figure 4.7. Effects of threats.....	43
Figure 4.8. Causes of corruption (in percent).....	44

List of Tables

Table 1. Properties of policy-making.....	16
Table 2. State types and capabilities.	19
Table 3. Classification of post-communist governments.....	21
Table 4.1. Type of education and ministerial field of responsibility (in percent).....	23
Table 4.2. Party affiliation under communism and ministerial field of responsibility (in percent).....	23
Table 4.3. Party membership after independence (in percent).	24
Table 4.4. Position in party by period of ministerial duty (in percent).	24
Table 4.5. Top-level officials' membership of governing party by ministry (in percent).	25
Table 4.6. Attitude to officials' membership of governing party by ministry (in percent).	26
Table 4.7. Replacement of staff in ministries (in percent).	26
Table 4.8. Attitude to appointment of officials by pre- and post 1995 ministers (in percent).....	28
Table 4.9. Advisory functions of officials by period of ministerial duty (in percent).....	28
Table 4.10. Other reliable advisors by period of ministerial duty (in percent).....	29
Table 4.11. Attitude to lobbying, by period of ministerial duty (in percent).....	30
Table 4.12. Ministerial relations to non-state organizations (in percent).....	30
Table 4.13. Outside pressure when initiating legislation (in percent).....	32
Table 4.14. Attitude to pressure (in percent).....	32
Table 4.15. Perception of the most important political actors.....	33
Table 4.16. Influence of outside actors by period of ministerial duty (in percent).....	33
Table 4.17. Attitude to foreign influence on Latvian politics (in percent).....	34
Table 4.18. The most important decision-makers (in percent).....	35
Table 4.19. The most important formal fora of decision-making (in percent).....	35
Table 4.20. The most important informal fora for decision-making (in percent).....	36
Table 4.21. Importance of party by party membership of respondent (in percent).....	37
Table 4.22. Importance of party by ministerial field of responsibility (in percent).....	37

Table 4.23. Choice of means for policy solutions.....	39
Table 4.24. Trust in officials, implementation (in percent).....	39
Table 4.25. Attitude to possibility of failure in implementation (in percent).....	40
Table 4.26. Attitude to private business acting in implementation (in percent).....	40
Table 4.27. Knowledge of illegal activities in own or other ministries by ministerial field of responsibility and period of ministerial duty (in percent).....	42
Table 4.28. Experience of threats by ministerial field of responsibility and period of ministerial duty (in percent).....	42
Table 4.29. Experience of bribes by ministerial field of responsibility and period of ministerial duty (in percent).....	43
Table 5.1. Frequencies of difficulty in understanding questions.	47

Preface

This research report is the first of a series published by the DEMSTAR program, which focuses on state and administrative reforms in societies undergoing rapid institutional change. The series has three objectives: to report on the empirical work carried out in a number of countries, to provide comparative overviews of the core issues addressed by the program, and to explore the wider theoretical perspectives and analyses generated by the central issues of state capacities, state–society relations, and administrative reforms. The reports are designed as broadly descriptive, and it is our hope that other researchers may benefit from our primary data, our compilation and systematization of secondary data, and the broad and explorative theoretical surveys. The research reports cannot and will not replace the focused, comparative analyses that are the ultimate ambition of the DEMSTAR program. Such studies will be published through the ‘normal’ channels of scientific publishing. But in order to provide substantial comparative research it is necessary to conduct systematic single-country and explorative empirical and theoretical studies. It is this preliminary and explorative work – the data and the theoretical perspectives – that will be reported in this series.

The present volume reports on our first – pilot – project on state capacities in Latvia. It has been our ambition to examine whether current and former top-level decision makers (ministers) would make reliable and valid sources for understanding the processes that shape the roles of central state institutions. During January and February 2000 we interviewed 51 former and current ministers of what we consider the core ministries in post-independent Latvia: Prime Ministers and ministers of economy, finance, interior, welfare, and foreign affairs. We reached 53 out of the 63 persons who have held such positions sine independence. The pilot project thus had two ambitions: First, we wanted to examine the capacity of the state in a newly independent post-communist country. Second, we wanted to explore if the method of face-to-face interviews based on standardized questionnaires used by local interviewers would provide valid and reliable results.

The report consists of three sections. The first section presents preliminary theoretical deliberations on the dimensions and measurements of state capacity. This theoretical analysis formed the conceptual framework for the empirical research mapped in the structure and wording of the questionnaire. In the second section we analyze the empirical results of the survey and assess the research methodology. The third section consists of appendices and is available on our website, www.demstar.dk. It contains the

English and Latvian language questionnaires, response frequencies to the questionnaires with additional comments by the respondents, and various background information on the structure and personnel of Latvian governments since independence.

The present research was finally supplemented by a series of qualitative interviews with officials of high standing. These interviews are not reported in the present context, but will appear in subsequent publications.

Summary

The data presented in this report are the outcome of a pilot project within the DEMSTAR program, which focuses on the role of the state and state administrations in societies undergoing rapid institutional change. It was our ambition to examine whether current and former top-level decision-makers (ministers) would make reliable and valid sources for aiding our understanding of the processes that shape the forms and roles of central state institutions. Latvia was chosen as our pilot case. During January and February 2000 we interviewed 51 former and current core ministers: Prime ministers and ministers of economy, finance, interior, welfare, and foreign affairs. We reached 51 out of 63 persons who have held these positions since independence. The objective of the research project was dual: to examine the present 'state of the state' in a small, newly independent post-communist country, and to explore if the method of face to face interviews on the basis of standardized questionnaires by local interviewers would provide valid and reliable results.

On the substantive issue we learned that the state in present-day Latvia is a strange mixture of institutional legacies of the totalitarian past, hopes for a better future, and the constraints of transition. The majority of our respondents envisaged a sort of developmental state where close interaction between decision-makers and society would provide the informational and political basis for sound policies that reflect the basic concerns of the citizens of Latvia. But reality was different. The central bureaucracy is still hampered by its totalitarian past. Civil servants lack technical and administrative capabilities and maintain a distrustful attitude toward civil society. And while a majority of the interviewed ministers have the vision of a developmental/social-democratic state that designs its policies in close collaboration with concerned interests and institutions, they acknowledged that where interaction takes place in real life corrupt practices often result. This indicates an immense distrust among Latvian top politicians, and that the political agenda may be captured by particularistic interests promoting their own interest at the expense of society. Our interviews also revealed a centralization of decision-making in cabinet and core ministries at the expense of parliament. Our data also indicate that increasingly centralized political parties (Latvian Way) may evolve as a second mechanism to counteract the disruptive effect of the multiparty coalition governments that characterized Latvia in the 1990s. The survey did not explore broader causal models, but the ministers blamed corruption on low salaries in the public sector in conjunction with a low morale among civil servants.

On methodology, the applied questionnaire worked quite well. Reliability problems only became manifest (as we expected) in questions relating to corruption and illegal practices. Validity – the respondents having difficulties in understanding the questions – was observed in only five out of 70 questions. The present methodology (and a modified version of the questionnaire) will therefore be used in a number of other post-communist countries in combination with deep interviews by local experts. A procedure which is also to supplement the Latvian findings of this report. This approach will eventually permit us to compare the 'state of the state' in the selected countries as part of the larger DEMSTAR comparative enterprise.

Purpose and practical implementation of research

The research project described in this report was launched in the late fall of 1999 as a pilot project in the context of the DEMSTAR program. While broader objective of the DEMSTAR program¹ is to examine the role of the state in societies undergoing rapid institutional change, the present project had two objectives. It was intended as a pilot project on the workings of Central governments in post-communist countries, in particular examining the relation between central political and administrative institutions and structures and institutions of civil society. The project was designed to explore the potentials (and hazards) of using responses to a draft questionnaire provided by currently (and formerly) central politicians as a source of structured information about political processes and perceptions among top-level decisions-makers.

As interview subjects we selected former ministers and their state ministers in what we perceived as ministries that faced the greatest demands on capacity. We expected that by focusing on ministers in these core ministries we would be able to obtain two types of information: a) factual information from people who had worked at the apex of administrative hierarchies on the efficiency of government decision-making; b) information about the state-society relationship role models that guide a significant subset of the political elite in post-independence Latvia. The interviews focused on three groups of ministries: ministries with general (domestic) responsibilities - finance and economics; b) those with more specific (but central) domestic tasks - welfare and social services, and c) foreign affairs.

The questionnaire was drafted on the basis of four dimensions that are critical to state capacity: types of actors and channels influencing decision-making, fora and institutions of decision-making, administrative capacities, and scope of corruption. In addition, we asked the respondents about a number of background variables. Draft versions of the questionnaire were

then circulated for critique and comments among researchers with experience in similar research in other systems.² The final draft was subsequently presented to our Latvian colleagues to catch any problems related to context. After further revisions the questionnaire was translated into Latvian.

Armed with the translated questionnaire we then collected our team of interviewers for briefing. A group of Latvian sociologists and political scientists were chosen for this task in order to ensure that we would receive qualified feedback on both the substantial and the methodological aspects of the project.³ During the briefing the interviewers were introduced to the broader theoretical and empirical objectives of the research project, and Ilze Ostrovskā reported from a test interview of one former minister. The actual interviews were conducted in January and February 2000, and the interviews were reported partly on the basis of the filled in questionnaires, partly by personal debriefing of each interviewer. The target group included all together 63 current and former ministers, of whom we managed to interview 51.

Among the 12 ministers who declined or were otherwise unable to participate in our survey, no specific bias in terms of type of ministry or period of ministerial duty was found. The only exception was that in the current government, half of the ministers (4 out of 8) declined to participate in our survey. One plausible reason for this may be the intense public turmoil that this government was facing in the period of our survey. This is, of course a type kind of problem that such surveys will tend to encounter.

On substance, the capacity of a post-communist state, the results presented in this report will be supplemented by a series of in-depth interviews with insiders and experts. On methodology, the lessons learned from the present attempt to obtain information, and in particular the construction of the questionnaire, will be considered when moving on to other post-communist countries.

Theoretical context

When Latvia regained independence in early September 1991 after the failed coup d'état in Moscow, she inherited the same politico-administrative legacy as other post-communist systems. The state and the system of government were designed to serve the overall developmental and strategic objectives embedded in the Soviet mode of governance. It was a system where all political decision-making was primarily supposed to serve the creation of the communist utopia, as described in innumerable manifestos of the ruling communist party and replicated in pamphlets and other mediums of mass

education. Secondly, it was a state designed to serve the strategic international interests of the Soviet system, as epitomized in the strategic military doctrines that envisaged an inescapable and perpetual conflict between Good and Bad, i.e. between socialism and imperialist capitalism. Finally, this system subscribed to a utopian and elitist version of developmental democracy, reaching back to Plato, Marx, and Lenin. Here an enlightened elite insulated in the state apparatus was to guide the masses to a level wisdom and insight that would obviate the need for politics and administration. In the Soviet system this function was ascribed to the Communist Party which was supposed to frame the overall principles of development and monitor implementation in all branches and at all levels of government. The latter principle would further implied that the overall development of the Latvian Socialist Republic was not to be determined in Latvia, but by the supreme institutions of the Communist Party. In its decisions the Party first of all considered the overall developmental and strategic objectives of the socialist camp, and only secondarily local priorities.

The principles governing the socialist mode of governance and development had a complicated relationship to reality. Practical politics were kept separate from ideology, each representing alternative value systems, codes of conduct, or 'logics of appropriateness' in the language of institutional theory (March and Olson, 1985, 1989, 1996). Although a large section of the relatively small elite nomenclature initially believed in the prospective success of the socialist economic and political experiment, particularistic group interests and rent seeking came to play an increasingly central role in decision making over time. These bureaucratic rent-seeking groups became enmeshed in the shadow (or black) economy that transcended regional and republic borders and affected decision-making and state capacities at central, regional, and local levels of government. In addition, the extreme reliance on central (Moscow) decision-making produced a 'learned helplessness' in local and regional administrations that were used to receiving very detailed guidelines for any sort of decision.

Further, and in contrast to the ideological image, the institutions of the Communist Party were far from the insulated and benevolent elite depicted in official propaganda. They bore greater resemblance to the political power brokers of the American party machine type than the official version and the version advocated by Jerry Hough (1969) in the West, or a Mafia-like structure serving the interests of the few (the realistic version described in post-change literature (Schleifer, Vishny, 1998; Solnick, 1999). So, whereas the Party Institutions obviously solved collective action problems (co-ordination of utility maximizing groups and individuals) there were strong

indications that the concrete setup of informal institutions did have distributive consequences (Knight, 1991). The structural properties of bureaucratic rent seeking in conjunction with semi-legal (or illegal) groups and 'learned helplessness' are legacies of the incumbent socialist system.

This situation was changed with the triple transition that followed Latvian independence. Independence itself landed political decision-making squarely on the institutions of the emerging Latvian democracy – themselves part of the transformation – while the transition to market economy entailed a transformation of social structures and the eventual appearance of new political interests. The third transition – to independence – involved basic state building. In all three spheres of transformation, state institutions of decision-making and implementation became core parameters, reflecting the burden of the past as well as the opportunities and contingent strategies that accompanied the change. But while the ambitions for change have been clear, we still know disturbingly little about the present 'state of the state' in Latvia and other post-communist governments. When the communist regimes collapsed, so too did the centralized decision-making apparatus epitomized by the party institutions that – for better or worse – had previously coordinated the activities of ministries and departments. As summarized by the World Bank, the result was 'confused and overlapping responsibilities and multiple rather than collective accountability [...] a sure-fire formula for policy disaster' (World Bank, 1997, p. 85). Such policy disasters occurred in varying magnitude, implying that also the ability to adapt to new demands differed. Although answering the question of what produces adaptability and rigidity is a comparative enterprise, the present report focuses on the Latvian experience as one instance of a newly independent post-communist state and government. What is the capacity of the Latvian state for handling the tasks of social, economic, and political reconstruction as perceived by the former ministers and state ministers? How do we classify the current Latvian State type and the factors that engender capacity? To what extent is the state, the institutions of government decision-making and implementation, still hampered by the burden of the totalitarian past? These are the questions addressed in this report.

Capacity versus capability, and efficiency versus effectiveness

For the sake of simplicity the following inquiry will use the terminology applied by the World Bank (1997, p. 3) in its report on 'the state in a changing world'. Capability and efficiency (at the levels of state and government) thus refer to the ability to undertake and promote collective action of whatever nature and consequences. By capacity and effectiveness (at the level of state

and government) we refer to the ability to use available capability to meet the concerns and objectives of society. These distinctions are summarized in Table 1.

According to this definition an effective government and state (high level of capacity) is one that is capable of integrating the concerns and objectives of major actors in society. An efficient government and state (high level of capability) is one that has the resources needed to implement any

Table 1. Properties of policy-making.

Policy type \ Actor	The state	The government
Government able to design and implement policies that meet the concerns and objectives of society	Capacity Effectiveness	Capacity Effectiveness
Government can implement any policy	Capability Efficiency	Capability Efficiency

policy, whether or not that policy reflects the interests of society. The relationship between capacity (effectiveness) and capability (efficiency) has both a normative and a causal dimension. It is normative because what constitutes 'the concerns and objectives of societies' is obviously a matter of taste and values. The relationship between effectiveness and efficiency, however, may have a causal aspect, because we as social scientists may be able (ideally) to predict if the ambitions of an ostensibly effective policy (and all policies in democracies are by intention or assertion effective) is likely to be realized. Or, in more technical terms, we may ask whether or not the causal models implicitly alleged by the proponents of a certain policy are valid.

Components of capacity

Working from this (admittedly) vague conceptualization of capacity (effectiveness) and capability (efficiency), the next step is to categorize and rank the components that we assume to have an impact on state capacity. We propose four analytical levels: state type, mode of democratic government, government type, and contextual factors. The four levels of analysis imply a contrasting decrease in conceptual complexity (and parsimony of modeling), and an increasing number and variation of causal factors (but also ability to establish testable hypotheses). The argument is summarized in fig. 1.

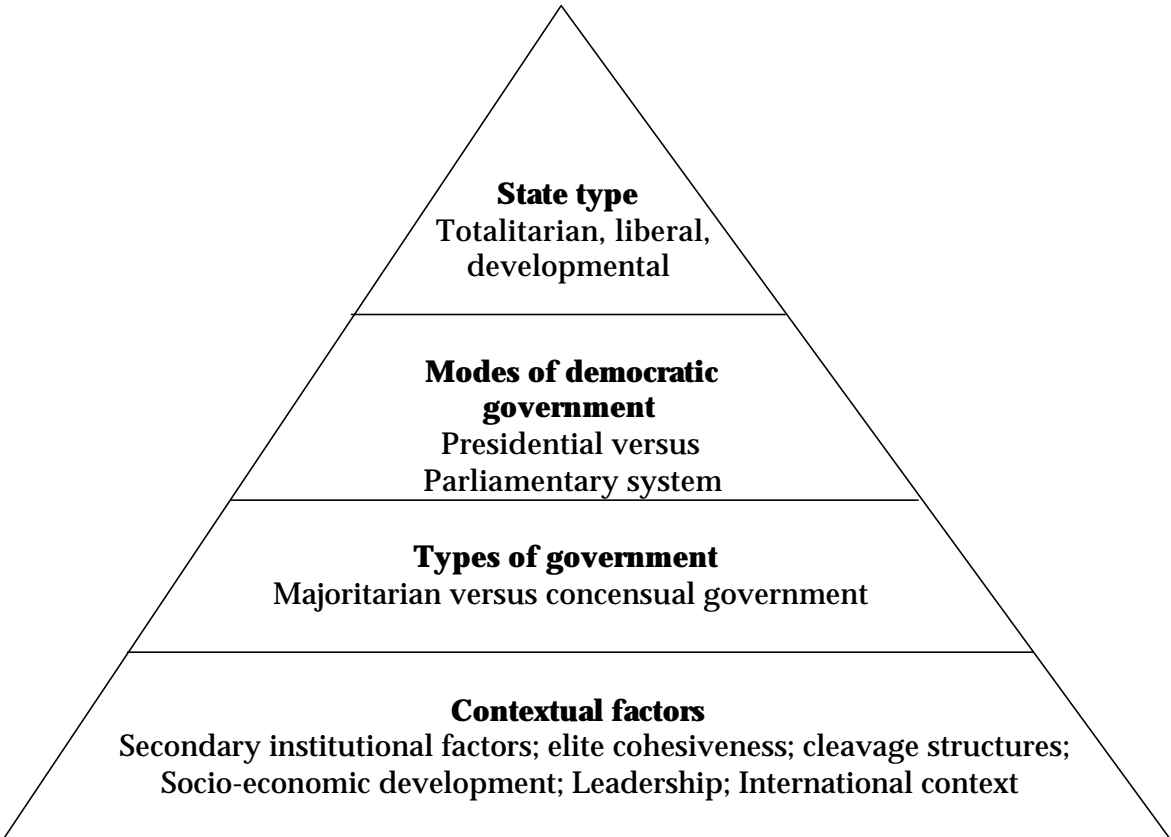
State types and state capacity.

During the early phase of transition the majority of local political actors in post-communist countries wanted to drastically limit the role of the state

and state institutions in the transformation process, as reported for the Baltic states in Steen's (1996) early survey of elites. In reaction to the domineering role of the state in the incumbent system, the realization that the administrative apparatus was unable to perform under the new circumstances, and the prospects for personal profits from liberalization and privatization, made local reformers easy targets for neo-liberal policy advisors. In a more positive vein, the expectation was that the market would generate not only efficient allocation of resources and carve out an international economic position based on comparative advantages, but also the structural preconditions for a liberal, pluralist democracy. In this understanding of what drives social and political change, there was little room for state intervention. The state was to provide the legal and institutional framework and leave the rest to the political and economic market. State failure was the problem of primary concern in the collapsed system, and a reduced (minimal) state a precondition for future success. In an awkward irony of history the expectation was that the market could succeed where Soviet Marxism had so dramatically failed: to foster the withering away of the state.

It is now broadly acknowledged that this market utopia is as incapable of generating development, as was the incumbent system. Associated social and political costs soon forced politicians to intervene in order to ameliorate the disruptive effects of the free market focus. By the mid-1990s practical experience, manifestos from international financial institutions (World Bank 1997), and the functional need to adapt to the predominating regional form of democratic capitalism (Nørgaard, 2000b) had led to the realization that the state and state institutions had important roles to play. First of all, an effective state and government was needed to secure the social and political coherence of the domestic social fabric and to provide for an economic strategy that would be able to carve out a place in the international economy. In the version advanced by the European community, the strategy that was prescribed for Central and Eastern Europe came to resemble the ideal vision of the developmental states in East Asia, most recently elaborated by Peter Evans (1996; Evans and Rauch, 1995), Linda Weiss (1998), or West European Social Democratic states (Leftwich, 1995: 403). Hence in the present phase of development, rather than diminishing the state the question has become the extent to which state institutions possess the resources and capacities that are required for performing these new functions.

Figure 1. Government capacities and effectiveness: levels of explanation.



Source: The figure is an elaborated version of the ‘tiers of explanations’ provided by Rockman and Weaver (1993, p. 10).

First, we here distinguish between three state types, each representing alternative perceptions of the character and role of the state in economic and political development. The liberal state is the insulated ideal type Anglo-American minimal state, as envisaged in neo-liberal economic theory. Here state-society interaction is conceptualized through interest groups trying to convey their demands to the insulated institutions of the state. The totalitarian state represents the Leninist State whose institutions are designed to promote ideologically defined policy goals and where civil society institutions are conceived of as transmission belts rather than political actors. Finally, the developmental state is calibrated to foster specific policy goals (very much like the Leninist State), but selected structures of society (business organizations) are given independent tasks in the design and implementation of policies. This is the ‘embedded state’ described by Peter Evans (1996) and further developed by Linda Weiss (1998). ‘Embeddedness’, however, may also be negative and reflect the capture of the state and government by particularistic interests (elites or societal groups). We also argue that governmental integration or embeddedness (‘international embeddedness’) into the international system offers a parallel range of prospects

and dangers.⁴ On the one hand, can ‘international embeddedness’ provide the informational, political and financial resources that are necessary for the government to perform adequately under the new conditions. On the other hand, does international integration or embeddedness entail the risk of international ‘clientistic capture’ or ‘elite capture’ (World Bank, 1997, p. 80ff) if the domestic policy process becomes subjugated to the agendas of international organizations or foreign powers that do not reflect local concerns.

Further, for all state types we can distinguish between four dimensions of capacity. *Political capacity* reflects the non-clientistic embeddedness in society. Political capacity is what makes it possible to design and implement policies that meet the genuine concerns of society. Political capability signals the ability to maneuver among political rivals). *Technical capacity and capability* describes the technical (or political) expertise of the state administration in designing policies. *Administrative capacity and capability* measures the technical and political ability to implement policies. The question of *scope* has to do with how many sectors of society are to be subject to political (state) interference. In effect, we are trying to locate the present state and type of government of post-communist Latvia within the ideal type typology outlined in Table 2:

Table 2. State types and capabilities.

	TOTALITARIAN STATE	NEO-LIBERAL STATE	DEVELOPMENTAL STATE
Political capability and capacity			
Technical capability and capacity			
Administrative capability and capacity			
Scope of activities			

Table 2 outlines the four properties of the three ideal state types discussed in this section. For each of the state types we may assess their developmental potential to foster economic and political development in concrete country settings. We may do this with regard to the political, technical and administrative aspects, and we may focus on capacities or capabilities. In principle, we may then fill the 21 boxes of Table 2 and thus obtain a picture of the capacities and capabilities of a given country at a given time. The typology

does not imply any claim as to whether the liberal or the developmental state is best suited to handle the present tasks in Latvia. Whereas the totalitarian state represents the legacies (or institutional path dependencies) of the past, the appraisal of the relative virtues of the liberal and the developmental state depend on how we assess capabilities of the existing state apparatus. If its political capabilities (the links to society) are few (for one reason or another), and if technical and administrative capabilities or capacities are in short supply, a limited liberal state will obviously work better than would a developmental state that stretches its responsibilities beyond its ability. In this case a limited state that matches tasks to capabilities will obviously fare better. The typology does, however, reflect a belief that, in the long term, a capable state combining political embeddedness with technical and administrative capacity is the best way to proceed in order to meet the objectives of Latvian politicians and the concerns of Latvian citizens.

Mode of democratic government

'Mode of democratic government' represents the constitutional framework that constrains or empowers political actors. The classical distinction between parliamentary and presidential systems has been accompanied by a voluminous literature discussing the relative merits of the two modes of government in various contexts. It is debatable, however, if the arguments on the relative advantages of parliamentarism and presidentialism in developed and developing countries is immediately transferable to post-communist transitional countries. Our research has revealed a clear positive correlation between level of parliamentarism, economic development, and democracy.⁵ But the superior performance of parliamentary systems had a very high negative correlation with elite continuity and indicators of rent seeking. This most likely implies that the main explanation why the performance of parliamentary systems is superior to that of presidential systems under post-communism is primarily to be assigned to their control function vis-à-vis the incumbent nomenclature elite.

The type of government

'Regime type' differentiates between parliamentary systems in conjunction with the number of parties that form governments. The regime type tends to be stable over time as it reflects the combined effect of cleavage structures and electoral rules. This also implies that, although imbued with certain amount of continuity, regime types (single party, single party dominant, or multiparty) are not immutable. Again, it is debatable what is to be learned

from the general literature on regime types and government efficiency and effectiveness. Regime types (and electoral systems) in post-communist systems seem to exhibit very much the same divides as the modes of government. In systems with high elite continuity party pluralism is usually low, reflecting a preference for single-member-constituencies. In contrast, where elite continuity is low, political (and governmental) plurality is greater and proportionality in the electoral system higher (Johannsen, 2000).

We do not want to enter into a lengthy exposé on the taxonomies of modes of government and regime type in this context, but rather apply the typology proposed by Blondel and Golosov (1999) that combines the two dimensions.

Table 3. Classification of post-communist governments.

	Parliamentary system with strong parties	Parliamentary system with weak parties	Presidential system
Centralized	1	2	3
Decentralized	4	5	6

Contextual factors

'Contextual factors' refer to 'Third tier' influences on government capabilities and policies' (Weaver and Rockman, 1993, p. 30). It includes all factors that may help us understand the variation in state capacities and government capabilities across countries. Weaver and Rockman distinguish between 5 broad categories, including the broader framework of political institutions, the organization of legislatures, the general political framework, socioeconomic conditions, and past policy choices. While in general useful for structuring causal factors, we will in the following include those broader factors only to the extent that our minister-respondents have referred to them.

Analyses

The following analysis is structured around three dimensions reflecting the fundamental theoretical perspective as reflected in the questionnaire: Policy-initiation and Formulation, procedures and processes of Decision-making, and implementation. In reporting the results we have additionally sought to contrast the attitudes of previous and recent ministers before and after 1995, as well as controlling for differences in between ministries. The first section will provide background information on the respondents, whereas sections two, three, and four will follow the above-mentioned structure.

Background information

Figure 4.1 shows that a majority of the ministers are males above 50 years of age. Only a very small percentages of the respondents are women or below 40 years of age.

The homogeneity in age and sex is also paralleled in the educational level of the respondents. 98 percent of the respondents have higher scientific education, and 92 percent have been educated in Latvia before independence. 75 percent of the respondents report that they have taken supplementary education courses at home or abroad after independence.

Regarding the type of education in different types of ministries there is a clear functional division replicating the Soviet-type functional specialization in a system where ministers were branch executives rather than political leaders.

Figure 4.1. Respondents' age and sex (in percent).

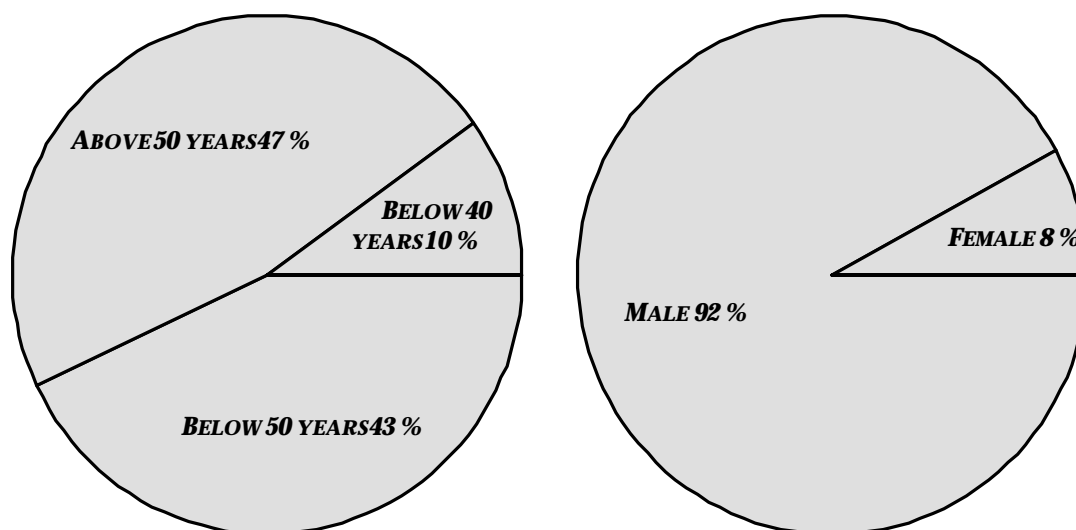


Table 4.1 shows that a majority of the ministers in finance and economics have educational backgrounds in economics, whereas the majority of ministers associated with the interior and welfare have backgrounds in the natural sciences (primarily engineering and agricultural training). Only in the ministries of Foreign Affairs is training originating in social sciences more prevalent. The majority are ministers with educational backgrounds in the natural sciences. This trend probably partly reflects a continuity of the prestige traditionally ascribed by communism to the natural and technical sciences, partly the scarcity of qualified social science majors.

Ninety eight percent of the respondents are native Latvians and 94 percent resided in Latvia under the communist system. Regarding the period under communism, a large majority of the ministers in our survey

were either members of the Communist Party or the Young Communist League.

Table 4.1. Type of education and ministerial field of responsibility (in percent).

	Economics	Natural Sciences	Social Sciences	Total
Finance – Economics	57 (12)	43 (9)	0 (0)	100 (21)
Interior – Welfare	5 (1)	68 (15)	27 (6)	100 (22)
Foreign Affairs	12 (1)	25 (2)	63 (5)	100 (8)
Total	28 (14)	51 (26)	(22) 11	100 (51)

Note: (N in parentheses).

Table 4.2. Party affiliation under communism and ministerial field of responsibility (in percent).

	Communist Party	Young Communist League	Non-member	Total
Finance – Economics	45 (9)	15 (3)	40 (8)	100 (20)
Interior – Welfare	72 (16)	14 (3)	14 (3)	100 (22)
Foreign Affairs	63 (5)	25 (2)	12 (1)	100 (8)
Total	60 (30)	16 (8)	(24) 12	100 (50)

Note: (N in parentheses). One respondent declined to answer.

Table 4.2 shows that the largest fraction of non-party members was to be found in the ministries of finance and economics, a situation which also reflects that the majority of ministers that were not Latvian residents under communism have worked in these ministries.

Regarding post-independence party affiliation, Table 4.3 shows that 18 percent of the respondents were non-members when holding office as ministers. Despite the large dispersion between multiple parties, one central finding is the prevalence of members of the Latvian Way. 33.3 percent of the respondents are members of Latvian Way, an indication of the central role played by this party in post-independence Latvian politics.

Regarding the party affiliation of our respondents Table 4.4 demonstrates that most of the ministers play significant roles in the parties they adhere to. A total of 78 percent of the ministers were either leaders or board members of their respective parties. The table also reveals that among –pre-1995 ministers there was a larger proportion of ordinary members than

among recent ministers, which may partly be explained by the increasing number of small parties and a possible centralization of existing parties.

Table 4.3. Party membership after independence (in percent).

Party	Frequency	Percent
Latvian Way	17	33.3
Fatherland and Freedom /LNNK	7	13.7
Democratic Party Saimnieks	5	9.8
Latvian Popular Front	4	7.8
Latvian Peasants Party	2	3.9
New Party	2	3.9
Latvian Farmers Union	2	3.9
Union of Christian Democrats	1	2.0
Latvian Socialdemocratic Labour Party	1	2.0
Green Party	1	2.0
Non-member	9	17.6

Table 4.4. Position in party by period of ministerial duty (in percent).

Position in party	Ministers before 1995	Ministers after 1995	Total
Leader	5 (1)	27 (6)	17 (7)
Board Member	58 (11)	64 (14)	61 (25)
Member	37 (7)	9 (2)	22 (9)
Total	100 (19)	100 (22)	100 (41)

Note: (N in parentheses).

The relation between ministers and their officials

Under the communist system the civil service was used as a tool by the communist party for exercising its powers over society. It was thus the executive branch of the communist party, rather than the political leadership we know from Western democracies, and it acted as the main channel for upstream information in the political and economical systems while implementing the campaigns dictated from above. Being subjugated to the supremacy of the communist party, the bureaucracy was politicized to the point that all middle and higher-level officials were obliged to be members of the party. An efficient bureaucrat under communism followed the instructions of the party - not the quests and concerns of society. And while technical and administrative efficiency were important qualities on paper, they always came second to political loyalty in practice.

Latvia therefore inherited a civil service system where civil servants were trained to control (rather than interact) with society, lacked concern with efficiency and transparency, and adhered to a tradition that stressed partiality rather than the political neutrality of the Weberian-type bureaucrat. The crucial question in relation to our survey is if these features have survived the transition in the attitudes of central decision-makers and in practical appointments.

Turning to the central administration: how pervasive are the features of partisanship? We tried to measure feature along two dimensions, the first concerning officials' membership of parties, and the second the replacement of staff between changes of government. Latvian government ministries have a political and an administrative level. State Secretaries, who are officially responsible for the administrative levels, hold the central mediating posts while addressing political issues at the level of the minister. Additionally, ministers typically employ political advisers in his/her senior staff – these are ministers of state, advisers, press secretaries, and parliamentary secretaries. The minister appoints both state secretaries and political staff. The administrative staff are appointed and dismissed in accordance with the civil service law, which proscribes political neutrality in their work.

Addressing the first dimension, we asked the ministers to evaluate how large a proportion of their top officials were members of the party in government.

Table 4.5. Top-level officials' membership of governing party by ministry (in percent).

Share of officials who were members	Finance - Economics	Interior - Welfare	Foreign Affairs	Total
More than two-thirds	33 (7)	29 (6)	25 (2)	30 (15)
About half	57 (12)	14 (3)	13 (1)	32 (16)
Less than a third	10 (2)	57 (12)	62 (5)	38 (19)

Note: Responses to question no. 8: In your time as minister how many of your top officials (Deputy ministers, Assistants, Advisers, Press Secretary, Parliamentary Secretary, State Minister) were members of a governing coalition party? (N in parentheses).

It seems that in especially the ministries of finance and economics most of the top officials were members of a governing party, while this was not the general picture in the other ministries. There are many potential reasons for this difference, in part because of the functional differences between ministries, indicating that the areas of finance and economics deal with types of policy-making that require top officials who are acquainted with and

loyal to the official political strategy of the governing coalition. But the overall picture makes it appear reasonable to conclude that there is widespread use of politically motivated employment at the political levels of administration.

Turning to whether the ministers consider it preferable for civil servants to be members of a governing party (Table 4.6), a majority of them disagree. There seems to be a consensual acknowledgment that the former communist system of partisanship in the professional cadres of the nomenclature does not work in a democratic state, and hence acceptance of political neutrality for civil servants. The actual situation in the ministries of finance and economy seems to be a contradiction in terms in this respect.

Table 4.6. Attitude to officials' membership of governing party by ministry (in percent).

Better when members	Finance – Economics	Interior – Welfare	Foreign Affairs	Total
Agree	10 (2)	5 (1)	–	6 (3)
Disagree	24 (5)	35 (7)	67 (6)	36 (18)
Strongly disagree	67 (14)	60 (12)	33 (3)	68 (29)

Note: Responses to question no. 10: Do you agree that it is better if civil servants are members of a governing coalition party? (N in parentheses).

If we go from attitudes to actual practice, our respondents were asked to estimate the share of their administrative staff that was changed when new ministers took charge. The result reported in Table 4.7 shows that change of staff between different ministers was infrequent, and that there is not much variation between ministries.⁶

Table 4.7. Replacement of staff in ministries (in percent).

Number of replacements	Finance – Economics	Interior – Welfare	Foreign Affairs	Total
Most	9 (2)	5 (1)	–	7 (3)
About half	5 (1)	5 (1)	29 (2)	9 (4)
Less than half	76 (16)	61 (11)	57 (4)	67 (31)
None	5 (1)	6 (1)	–	4 (2)
Don't know	5 (1)	23 (4)	14 (1)	13 (6)

Note: Responses to question no. 9: In general how many of the general administrative staff were replaced when a new minister appeared in the ministry from another party (N in parentheses).

Going through the comments from some of ministers to this question it becomes clear, however, that the rationale behind their answers is based not only on a deliberate ambition to maintain a professional cadre of civil servants. For instance, as stated by one recent minister of traffic:

Nobody [was changed] as the ministers were from the same party.

He thus indicates that replacements have been neither frequent nor necessary, as most government coalitions have consisted of the same parties. The following comment from a minister in the first government indicates that loyalty prevails over professionalism:

A minister who is responsible for developing a policy must have a right to appoint his civil servants. How can he work without that right? Any minister has his own requirements for criteria of quality, manners etc. (Former minister of industry)

A view that is supported by the following:

It is easier to demand responsibility if they are changed. Totally to change everybody is not necessary, but the majority has to be changed (Former Prime Minister).

The question now is whether such statements receive general support. Table 4.8 shows the proportion of ministers who either agree or disagree that it would be better if they had the authority to appoint civil servants in their ministries. A total of 46 percent of the ministers agree with this proposition, but when distinguishing between the responses of pre- and post 1995, it becomes clear that this attitude is mostly prevalent among former ministers. Only 34 percent of post 1995 ministers would prefer to have this authority, compared to 55 percent of pre 1995 ministers. This change in attitude is also paralleled in these comments from two post 1995 ministers:

At the present period of development it is better if civil servants enhance their skills. Therefore it is not advisable to change them. Actually there is nobody to put in their place because there is a deficit of professional civil servants (Recent Foreign Minister).

The minister to some extends makes his team but it does not mean that wide replacement must take place (Recent minister of Agriculture).

Based on their ten years of experience with a democratic system, it seems that an understanding of the importance of a professional, impartial civil service is developing. However, the major impediment may be the establishment of a viable system of selection based on meritocratic recruitment. As reported by some of the post 1995 ministers, the shortage of skilled people remains a major problem.

Table 4.8. Attitude to appointment of officials by pre- and post 1995 ministers (in percent).

Attitude to appointment	Ministers before 1995	Ministers after 1995	Total
Strongly Agree	3 (1)	10 (2)	6 (3)
Agree	52 (15)	24 (5)	40 (20)
Disagree	24 (7)	57 (12)	38 (19)
Strongly disagree	17 (5)	10 (2)	14 (7)
Don't know	3 (1)	-	2 (1)

Note: Responses to question no. 12: In your opinion, is it better when ministers themselves can appoint their civil servants? (N in parentheses).

Somewhat in contrast to the problem of setting up an efficient civil service system is the degree of politicization at higher levels of administration. The quest for loyalty and trust is especially pronounced among ministers who want to control their closest administrative staff. This might be a natural reaction, considering the power of nomenclatures under communism, but one consequence is a sharp divide between the different levels of bureaucracy that reinforces centralization in ministries.

On the aspects of trust a large majority (86 percent) of the ministers state that they trust the information provided by their officials regarding technical matters. On the other hand, rather few (34 percent) of the ministers acknowledged the value of political advice from their officials, thus indicating a skepticism toward integrating this function into the work of officials. Part of the explanation appears to stem from the fact that the ministers prefer it to be this way. Table 4.9 shows that whereas a majority of pre 1995 ministers find that officials should advise on both technical matters and political strategy, the opposite result is found among ministers in power after 1995, suggesting that they prefer a clear separation of responsibilities.

Table 4.9. Advisory functions of officials by period of ministerial duty (in percent).

Advisory Functions	Ministers before 1995	Ministers after 1995	Total
Technical Matters	35 (10)	59 (13)	45 (23)
Political Strategy	3 (1)	5 (1)	4 (2)
Both	62 (18)	36 (8)	51 (26)
Total	100 (29)	100 (22)	100 (51)

Note: Responses to statements in question no. 11: Ministerial officials should advise a) on technical matters; b) on political strategy; c) They should advise on both (N in parentheses).

The most frequent comment to this question was that ministers prefer their officials to be competent and aware of the political strategy of the minister, but that their advice should remain as neutral as possible. Instead the use of external advisors seems to be frequent. Table 4.10 shows that the use of especially academic specialists is frequent, and there seems to be a development toward increasing importance of specific political advisors and partisan structures as channels of information and advice.

Table 4.10. Other reliable advisors by period of ministerial duty (in percent).

	Political Advisors	Political Parties	Academic Specialists	NGOs
Ministers after 1995	50 (11)	46 (10)	73 (16)	36 (8)
Ministers before 1995	28 (8)	7 (2)	71 (20)	43 (12)

Note. Responses to question no. 3: If you can't rely on your ministerial officials, who would you rely on, or have you relied on, to get the information you need: Political advisers? Political Parties? Academic specialists? NGO Specialists? Others (specify). (N in parentheses).

The Relation between central decision-makers and civil society.

One general principle underlying the former Soviet public system of administration was dual subordination. Under this system the central administration imposed its mandatory demands on the government of the Latvian SSR, who implemented the centrally dictated management throughout Latvia. The administrative system was highly fragmented and built along functional hierarchical principles. All information was channeled through vertical structures at a very high level of detail. The supremacy of the Party, which required all middle and senior managers to be members of the Communist Party, gave rise to the *nomenclature* that monopolized power and created a deep divide to lower level officials and society in general.

What is the survival rate of this legacy today? Do the central decision-makers of the Latvian State remain characterized by a commanding attitude toward society, or have they developed an interactive relationship in which societal interests and demands are taken into account in their daily work. Our findings indicate a movement in this direction. Addressing the role of the public in politics, 75 percent of the ministers preferred a civil society in which people actively engaged themselves and articulated their demands to the political system and its representatives. Only 6 percent adhered to the view of confining popular political participation to elections.

Concerning the attitude toward lobbying, there was a clear movement toward considering this a positive phenomenon. As shown in Table 6.1, pre-

1995 ministers were more skeptical of societal inputs into the decision-making process than were ministers who have held office more recently.

Post 1995 ministers are much more inclined to be aware of different groupings in society.⁷

As seen from Table 4.12 this picture is also confirmed when addressing relations between ministerial officials and important organizations within their domain.

Table 4.11. Attitude to lobbying, by period of ministerial duty (in percent).

Attitude to the gains in support generated by lobbying	Ministers before 1995	Ministers after 1995	Total
Positive	33 (9)	65 (11)	45 (18)
Negative	66 (18)	35 (6)	55 (24)

Note: Responses to question no. 26: Considering lobbying, the procedure in which certain outside interest tries to make their views influence the political process, how would you agree to the following statements? A) Lobbying is positive because it provides the information you need to make the right decision; B) Lobbying is negative because the information you receive is biased; C) Lobbying is positive because you get support from the concerned groupings; D) Lobbying is negative because it erodes the impartiality of the ministry. Chose maximum two statements A or B and C or D. (N in parentheses).

Table 4.12. Ministerial relations to non-state organizations (in percent).

Ministerial field of responsibility	Working relationship with significant organization in field of ministry	Minister	Ministers	Total
		before 1995	after 1995	
Finance – Economics	Yes	69 (9)	72 (5)	70 (14)
	No	31 (4)	28 (2)	30 (6)
Interior – Welfare	Yes	92 (11)	89 (8)	90 (19)
	No	8 (1)	11 (1)	10 (2)
Foreign Affairs	Yes	100 (4)	60 (3)	78 (7)
	No	0 (0)	40 (2)	22 (2)

Responses to the statements in question no. 6: In your own ministry it was/is common practice that ministerial officials have a close working relationship with significant organizations (Business, NGO, or state) in the field of the ministry, in percent N in parentheses).

From the ministers’ point of view, the impediment to establishing institutionalized relations with significant non-state organization appears to be the character of civil servants, as indicated by these statements:

It makes civil servants' life more complicated. Civil servants apply a self-defense function to their work: if relations exist it means a bigger number of alternatives, which means that civil servant has to defend his project (Former Prime Minister).

There was no motivation for that. Ministerial officials think that their knowledge is greater (Former State Minister of Economy).

It becomes more active sometimes and it is even institutionalized. But civil servants perceive it as an additional job. (Former Foreign Minister).

Thus, there are apparently some cognitive obstacles to constructing these bonds, because civil servants do not perceive this as part of their job description. The top levels have very positive attitudes toward further integration of societal interests into the policy-making process. More than 80 percent of the ministers believe that decisions actually get better when concerned interests are included in the policy-making process. But a closer look at some of the comments to this question reveals that there are different motivations for including interests, as noted by one recent minister of finance:

The information in the ministries is sufficient, but, for the sake of keeping peace, one can hear out all sides too.

And in the eyes of a recent minister of state income:

There are no decisions that are acceptable for all parts. If the decision is of little importance, the parts could be involved.

Whereas others embrace the value of dialogue:

It is a great sin that often the relevant part is ignored. We'd have less trouble and the rating of politicians would go upward if a dialogue were maintained. The more sides who participate in discussing a decision, the more democratic and of use for the society it will be. Often the range of problems, which will be affected by the document, is not investigated. For example regulation of trading etc. (Former Minister of Industry).

The integration of external societal actors in the process of policy-making is admittedly not a frequent pattern of interaction in Latvian politics yet. From the ministers' point of view this state of affairs appears to primarily be related to cognitive and administrative obstacles.

The Influence of outside actors

The amount of societal pressure on the decision-making process is a function of the level of political activity in society. How often is pressure applied and how do the ministers perceive it? Table 4.13 indicates that, using 1995⁸ as a point of reference, the external pressure on policy-makers is on the rise.

In the areas of finance and economics pressure on ministers seems to be increasing – all post 1995 ministers report that they have been subjected to such pressure. When asked whether they felt that such pressure was good for the country in terms of the impact on legislation, the following picture emerges:

Table 4.13. Outside pressure when initiating legislation (in percent).

	Ministries	Experienced pressure	
		Often or sometimes	Rarely or never
Ministers before 1995	Finance – Economics	77 (10)	23 (3)
	Interior – Welfare	56 (5)	44 (4)
	Foreign Affairs	25 (1)	75 (3)
	Total	62 (16)	38 (10)
Ministers after 1995	Finance – Economics	100 (7)	0 (0)
	Interior – Welfare	33 (3)	67 (6)
	Foreign Affairs	100 (5)	0 (0)
	Total	71 (15)	29 (6)

Note: Percent responses to question no. 23: “Have you ever felt a pressure from outside actors (non-state organization; peak level business etc.) to initiate new legislation?” (N in parentheses).

Table 4.14. Attitude to pressure (in percent).

Attitude to pressure	Minister before 1995	Ministers after 1995	Total
Positive	60 (6)	67 (6)	63 (12)
Negative	40 (4)	33 (3)	37 (7)

Note: Percent responses to question no. 24: “If often [the degree of pressure] did you feel that this pressure were good or wrong for the country” (N in parentheses).

The pressure is perceived in a positive vein by a majority of the ministers and there are no differences between former and recent ministers, indicating that it is an accepted feature of politics.⁹ The amount of pressure from external actors is dictated by who the central external or internal political actors are and how they influence policy-making. We asked the ministers to provide an evaluation of whom they considered to be the most influential Latvian political players.

The table shows that bank and business structures, along with the leading coalition party in Latvian politics Latvian Way and five individual politicians, are considered the most influential political players. Without

delving into the broader political economy of post-independence Latvia, it is indicative that the two top scorers are top representatives of the major financial conglomerates. Aivars Lembergs, Mayor of Ventspils, remains a major player in the economic interests associated with the transit trade. Andris Skele, until recently prime minister, has major interests in agribusiness.

Another indication of the extent to which outside actors influence the policy-making process is provided by the large majority (80 percent, Table 4.16) of the ministers who believe that inter-ministerial interference is likely to be connected to outside actors trying to influence policy-making.

Table 4.15. Perception of the most important political actors.

		Frequency
Institutions	Banks and Business structures	10
	Parliament	7
	Government	4
Parties	Latvian Way	19
	Latvian Popular Front	11
Actors	Aivars Lembergs	12
	Andris Skele	11
	Ivars Godmanis	5
	Ojars Kehris	4
	Anatolijs Gorbunovs	3

Note: Responses to question no. 15: “Name the three most influential local political players (organization and/or persons) in Latvia after independence in general.

Table 4.16. Influence of outside actors by period of ministerial duty (in percent).

	Ministers before 1995	Ministers after 1995	Total
Agree	75 (21)	86 (19)	80 (40)
Disagree	21 (6)	14 (3)	18 (9)
Don't Know	4 (1)	–	–
Total	100 (28)	100 (22)	100 (50)

Note: Responses to question no. 19: “In your perception, when other ministries interfered in your business, could it be that a third part outside the political realm, has interfered in the decision-making?” (N in parentheses).

The role of foreign actors

The impact of the international system and international actors on domestic Latvian developments is almost unanimously perceived in a positive light.

There were but a few instances of critical comments to the effect that the lack of local knowledge sometimes produced solutions that were unsuited for Latvian circumstances. A few observed that in particular in relation to the citizenship issue, foreign institutions (and countries) had imposed policies that were at odds with the wishes of the Latvian population. Others sometimes saw themselves as guinea pigs for theoretical models. But on the whole, there are few indications that the influence of foreign actors is considered to be negative. The concrete foreign actors selected by our respondents when they were asked to name three important actors also reinforce this observation.¹⁰ The ministers of finance and economy, as expected, named the major international organizations that are active in Latvia: EBRD, IMF, The EU (and its sub units), while only a few named the major bilateral actors: USA, Russia, and Germany.

Table 4.17. Attitude to foreign influence on Latvian politics (in percent).

Ministries	Effect of foreign influence			Total
	Always positive	Most cases positive	Seldom positive	
Finance - Economics	6 (1)	88 (16)	6 (1)	100 (18)
Interior - Welfare	15 (3)	80 (16)	5 (1)	100 (20)
Foreign Affairs	14 (1)	86 (6)	-	100 (7)
Total	11 (5)	85 (38)	4 (2)	100 (45)

Note: Responses to question no. 22: In general in those cases when foreign actors had an influence, would you say that their influence on the decisions to be made had an positive or negative effect on the solutions of local problems? (N in parentheses).

The ministers of the Interior and of Welfare also identified the Scandinavian countries and more specialized international agencies (WTO, WHO, UNDP), and specialized agencies of bilateral actors (i.e. city department of Moscow, Danish Ministry of Agriculture, Swedish healthcare companies). As expected, the ministers of foreign affairs identified all the major international institutions and major bilateral actors (USA, Germany, and Russia). Hence, to the extent that international actors have captured the domestic agenda in Latvia, it appears to be the major bilateral actors (USA and Germany) that, in conjunction with international organizations, set the general political and economic agenda. Only in softer policy areas are the smaller neighboring countries (in particular Scandinavia) seen as playing a noteworthy part.

Decision-making

What characterizes the process of decision-making, who are the central actors, and where are decisions made?

Table 4.18 shows that a majority of the ministers perceive the PM and ministers in general to be the most important decision-makers, and the trend increases among recent ministers. Also the cabinet of ministers and its committees are recognized as important fora of decision-making (Table 4.19). The perception of recent ministers actually indicates that the cabinet is gaining importance at the expense of its committees. This may indicate a greater degree of centralization of the decision-making processes over time.

Table 4.18. The most important decision-makers (in percent).

	Ministers before 1995	Ministers after 1995	Total
Minister	59 (17)	68 (15)	63 (32)
Prime Minister	24 (7)	27 (6)	26 (13)
Ministerial Advisers	3 (1)	-	2 (1)
Parliament Chairman	3 (1)	-	2 (1)
Parliament	3 (1)	-	2 (1)
Top Level Officials	/ (2)	5 (1)	6 (3)
Total	100 (29)	100 (22)	100 (51)

Note: Responses to question no. 28: "Try to rank the most important formal decision-makers affecting decisions in your ministry?" (N in parentheses.)

Table 4.19. The most important formal fora of decision-making (in percent).

	Ministers before 1995	Ministers after 1995	Total
Cabinet	59 (17)	82 (18)	69 (35)
Committees of the Cabinet	24 (7)	4 (1)	16 (8)
Parliamentary Committees	7 (2)	-	4 (2)
Other	10 (3)	14 (3)	12 (6)
Total	100 (29)	100 (22)	100 (51)

Note: Responses to question no. 29: "Try to rank the following fora with regard to decision-making with relevance for your ministry?" (N in parentheses).

Formal decision-making structures were examined using questions related to the informal or real (as opposed to formalized) procedures. We distinguished between structures inside or outside the state and its administration. From Table 4.20 we can observe that a majority of the ministers mention structures outside the state as the most important.

Table 4.20. The most important informal fora for decision-making (in percent).

Ministerial field of responsibility		Period of ministerial duty		
		Before 1995	After 1995	Total
Finance – Economics	Outside the state	54 (6)	75 (6)	63 (12)
	Inside the state	46 (5)	25 (2)	37 (7)
Other ministries	Outside the state	67 (8)	55 (6)	61 (14)
	Inside the state	33 (4)	45 (5)	39 (9)

Note: Responses to question no. 30: Name the most important informal fora for decision-making affecting your ministry in general. (N in parentheses.)

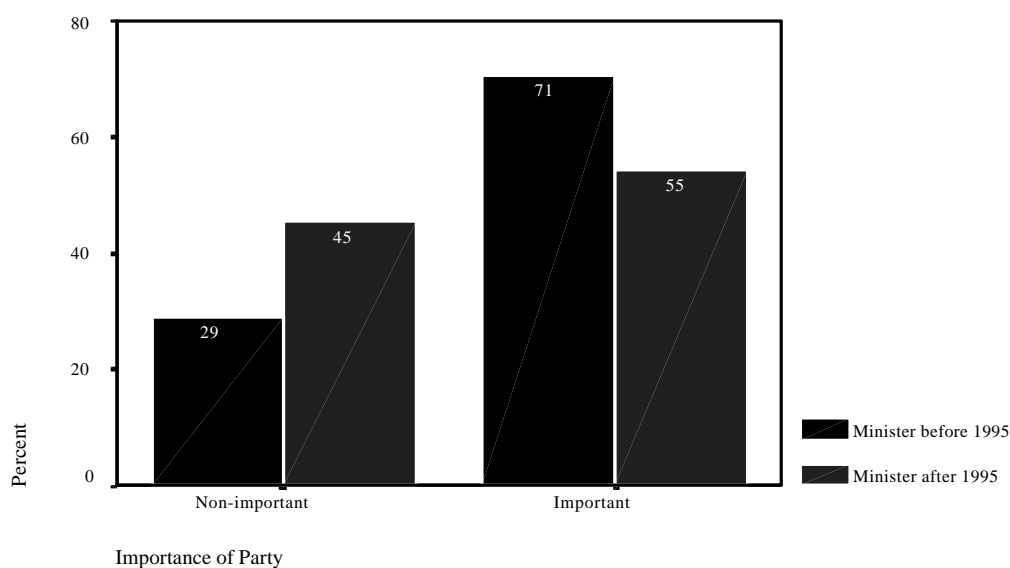
The table also shows that especially among post 1995 ministers in the field of finance and economics, there is growing awareness of the importance of informal fora outside the institutions of state, again confirming that interaction with external actors is primarily connected to these ministries. Among outside structures, business and business related organizations were most frequently mentioned.¹¹

How important are parties in the process of decision-making. As demonstrated in Figure 4.2 the parties' importance appears to be declining although a majority of post 1995 ministers think that parties remain important for government decision-making.

But in fact, the figure also reveals other patterns. Differences appear when we look at individual parties. 81 percent of the ministers who are members of Latvian Way say that the party is important, while only 53 percent of the ministers from other parties believe that the party is important (Table 4.21). This further indicates the centrality of “Latvian Way” as a leading political force in the 1990s. The data further indicate that the decreasing importance of parties is manifest only in the ministries of Finance and Economics, whereas it remains unchanged among other ministries before and after 1995 (Table 4.22). This may indicate that elite interests in these areas are becoming more autonomous vis-à-vis horizontal structures of accountability (parties, other ministries, etc.).

When asked to evaluate the most important actors or structures in the parties, the responses indicate a development towards greater emphasis on the role of leaders (Figures 4.3 and 4.4), in many cases the ministers themselves.¹² This underscores the trend toward centralization of decision-making in the hands of ministers.

Figure 4.2. Importance of parties in decision-making (in percent of respondents).



Note: Responses to question no. 31: In your time as minister, how important were your party (party leaders, meetings, party organizations, party donors) for government decision-making? (Percentages in bars).

Table 4.21. Importance of party by party membership of respondent (in percent).

	Party membership		
	Latvian Way	Other Party	Total
Party Important	81% (13)	53% (16)	63% (29)
Party Non-important	19% (3)	47% (14)	37% (17)

Note: Responses to question no. 31: In your time as Minister, how important were your party (party leaders meetings, party organizations, party donors) for government decision-making? (N in parentheses).

Table 4.22. Importance of party by ministerial field of responsibility (in percent).

Ministerial field of responsibility	Importance of party	Period of ministerial duty	
		Before 1995	After 1995
Finance – Economics	Important	82% (9)	25% (2)
	Non-important	18% (2)	75% (6)
Other ministries	Important	62% (8)	71% (10)
	Non-important	38% (5)	29% (4)

Note: Responses to question no. 31: In your time as Minister, how important were your party (party leaders meetings, party organizations, party donors) for government decision-making? (N in parentheses).

Figure 4.3. Most important party structures/actors, ministers before 1995 (percent).

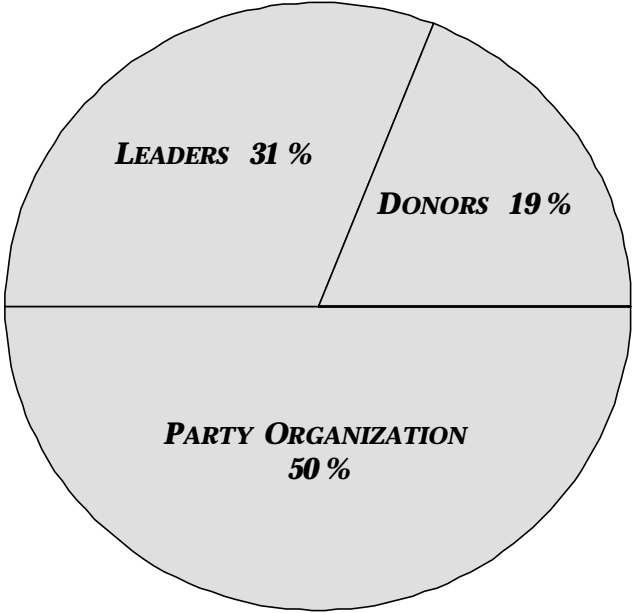
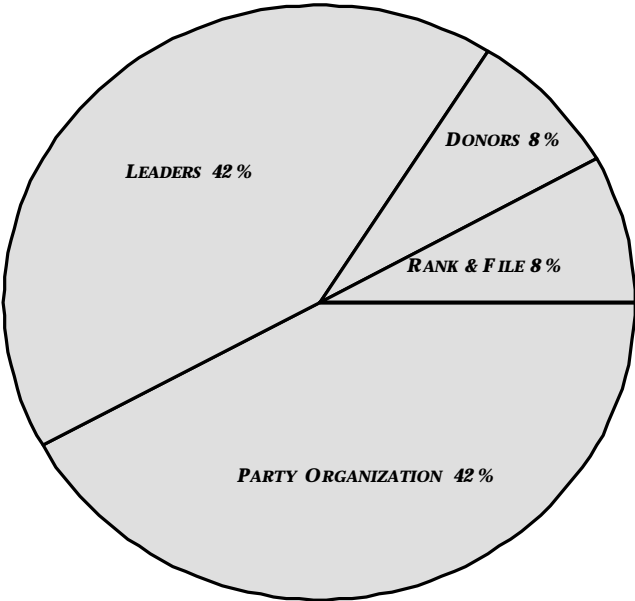


Figure 4.4. Most important party structures/actors, ministers after 1995 (percent).



As part of the policy-making issue we asked if problems had been solved primarily by administrative means (A), by using a combination of administrative measures and new legislation (B), or legislative means alone (C). According to our theoretical perspective, answer B indicates that state-society relations lie closer to the developmental state than ‘legislation fi (C), which indicates a more liberal and minimalist version of the state.

The choice ‘administrative measures disregarding legislation’ (A) was only found during the early stages of the transition period. The situation has since changed toward reliance on legislative procedures, but the combination

of administrative measures and legislative procedures, which indicates closer state-society relations, is still very frequent.

Table 4.23. Choice of means for policy solutions.

Policy solutions					
	Administrative measures, disregarding legislation (A)	Administrative measures and new legislation (B)	Change legislation first (C)	Other	Total
Minister before 1995	3 100.0%	21 56.8%	4 50.0%	1 33.3%	29 56.9%
Minister after 1995		16 43.2%	4 50.0%	2 66.7%	22 43.1%
Total	3 100.0%	37 100.0%	8 100.0%	3 100.0%	51 100.0%

Note: Responses to question no. 36: If legislation has prevented the solution of acute problems, what do you believe has been the general response in the ministries?

Implementation and corruption

In the final section of our survey we attempted to cover different aspects of the implementation, with special emphasis on the linkage between the different actors and their interests in the outcomes of political decisions.

Respondents were initially asked to reflect upon their own time term of office as to whether they actually believed that their staff loyally implemented their political decisions.

Table 4.24. Trust in officials, implementation (in percent).

	Ministers before 1995	Ministers after 1995	Total
No	21 (6)	4 (1)	14 (7)
Yes	79 (22)	96 (21)	86 (43)
Total	100 (28)	100 (22)	100 (50)

Note: Responses to question no. 37: "Were you in general able to trust that the decisions of your ministry would be carried through as intended by your staff?" (N in parentheses).

Table 4.24 shows that a majority of ministers were confident in the loyalty of their staff and the trend increases among more recent ministers. Their views concerning the societal actors at whom political decisions were aimed were more ambiguous, however. Table 4.25 indicates that a majority of the

ministers, in all types of ministries, believe that non-state actors can evade regulatory measures, indicating enforcement problems.

Table 4.25. Attitude to possibility of failure in implementation (in percent).

	Finance – Economics	Interior - Welfare	Foreign Affairs	Total
Regulatory measures can be avoided	58 (11)	68 (15)	63 (5)	63 (31)
Regulatory measures cannot be avoided	42 (8)	32 (7)	37 (3)	37 (18)
Total	100 (19)	100 (22)	100 (8)	100 (49)

Note: Responses to question no. 39: Powerful non-state actors (individuals, organizations, business etc.) can escape regulatory measures directed toward their business? (N in parentheses.)

Table 4.26 shows a general, although slightly decreasing, positive attitude to the involvement of private business organizations in implementation of government policies.

Table 4.26. Attitude to private business acting in implementation (in percent).

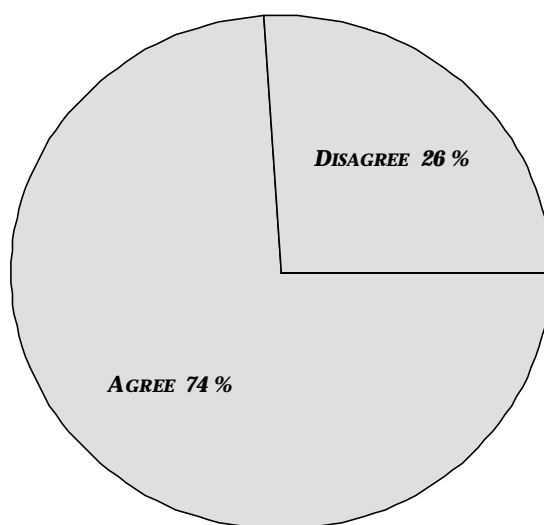
	Ministers before 1995	Ministers after 1995	Total
Agree	64 (18)	57 (12)	61 (30)
Disagree	36 (10)	43 (9)	39 (19)
Total	100 (28)	100 (21)	100 (49)

Note: Responses to question no. 38: "It is positive when private business organizations participate as undertakers in the process of implementation of decisions?" (N in parentheses.)

On the thorny issue of misuse of position, corruption – or whatever synonyms we can invent – the respondents revealed a deep mistrust in their fellow ministers.

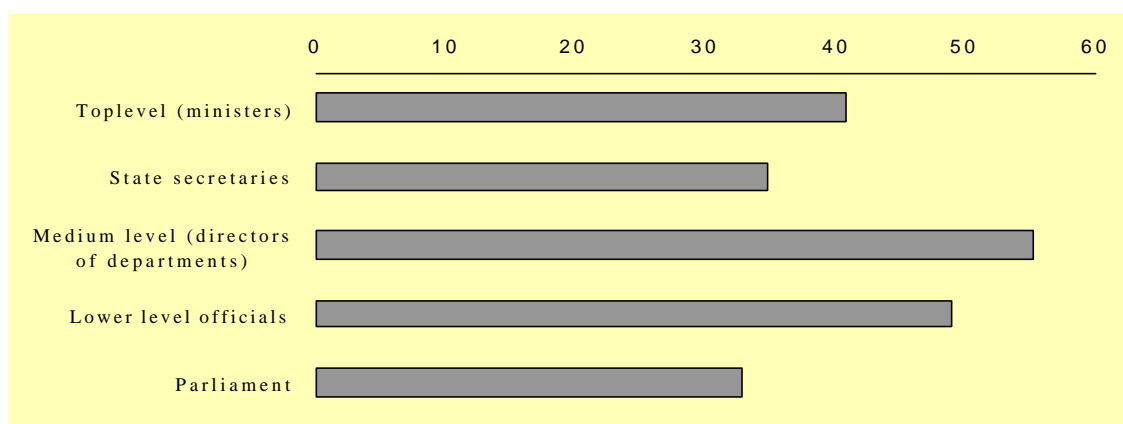
There is a slight variation between types of ministry in the attitudes to this question. While 80 percent of finance related ministers agree with the statement, the agreement rate is about 69 percent in other ministries. When asked to indicate at which levels of government misuse is most frequent there appears to be general agreement that this phenomenon is widespread and pervades all levels of government. As shown in Figure 4.6, around 40 percent of all the ministers admit that it takes place at top level, i.e. among ministers. But corruption is still seen as more widespread on the lower levels of the state - above 50 percent of the ministers confirm that it occurs between medium and lower level officials.

Figure 4.5. Misuse of status positions as perceived by Latvian ministers (in percent).



Note: Percentage answers to question no. 43: “The misuse of status positions in order to serve own or other particular interests is common in Latvian Politics”.

Figure 4.6. Perception of misuse on different levels of government (in percent).



Note: Responses to question no. 44: “At which level of government do you perceive that this phenomenon (misuse) occurs most often?” (In percent of confirmatory answers, multiple marks allowed).

When asked about illegal activities in their own or other ministries the responses indicate that this feature has become more prevalent among former and recent ministers, as depicted in Table 4.27. The knowledge of illegal activities performed by ministers of Finance and Economics is greater in comparison with other ministers, revealing a more common pattern in those ministries.

One might suspect that suspicions about the prevalence of illegal activities in the ministries of Finance and Economics are paralleled by the amount of pressure exerted by powerful external actors. The figures in Table 4.28 show that this may in fact be the case. Whereas about 58 percent of

recent ministers in Finance and Economics report that they have been threatened by outside actors, only 31 percent of the other recent ministers have experienced such threats.

Table 4.27. Knowledge of illegal activities in own or other ministries by ministerial field of responsibility and period of ministerial duty (in percent).

Ministerial field of responsibility	Knowledge of illegal activities	Minister before 1995	Ministers after 1995	Total
Finance – Economics	Yes	31 (4)	63 (5)	43 (9)
	No	69 (9)	37 (3)	57 (12)
Other	Yes	12 (2)	21 (3)	17 (5)
	No	88 (14)	79 (11)	83 (25)

Responses to question no. 45: Did you in your time as minister receive any knowledge about people engaged in such activities [misuse of status positions] on government level? (N in parentheses).

Table 4.28. Experience of threats by ministerial field of responsibility and period of ministerial duty (in percent).

Ministerial field of responsibility	Experienced threats	Minister before 1995	Ministers after 1995	Total
Finance – Economics	Yes	23 (3)	58 (4)	33 (7)
	No	77 (10)	42 (3)	67 (14)
Other	Yes	62 (10)	31 (4)	48 (14)
	No	38 (6)	69 (9)	52 (15)

Note: Responses to question no. 47: “During your time as minister did you receive any threats from non-state actors (peak level business, interest groups etc.)?” (N in parentheses).

The figures reveals a clear development from pre to post 1995 ministers of Finance and Economics, indicating that the pressure is increasing, paralleling the widespread knowledge of illegal activities among these ministers. Turning to the prevalence of bribes, it seems that they have been equally common before and after 1995. In Table 4.29 we observe that approximately 67 percent of the ministers of finance and economics have been offered bribes, compared to only 27 percent of the other ministers, again confirming the same patterns.

Having shown that these phenomena actually exist, and increasingly so in the ministries of Finance and Economics, we wanted to have an assessment of the effects. We therefore asked those ministers who confirmed that

they had been threatened by external actors to indicate whether it affected their decisions.¹³

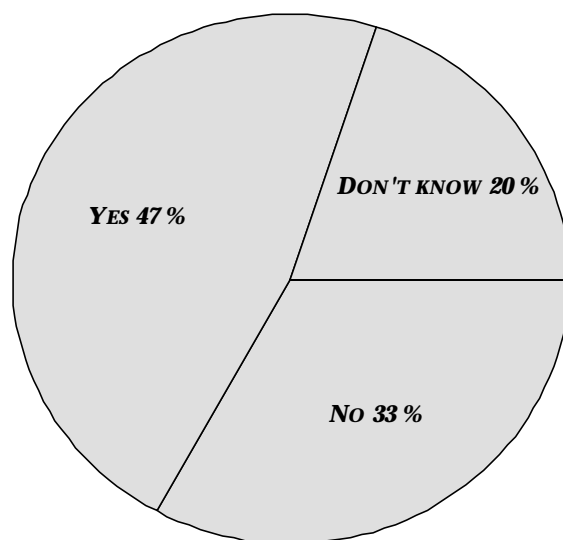
Table 4.29. Experience of bribes by ministerial field of responsibility and period of ministerial duty (in percent).

Ministerial field of responsibility	Experienced bribes	Minister before 1995	Ministers after 1995	Total
Finance – Economics	Yes	69 (9)	63 (5)	67 (14)
	No	31 (4)	37 (3)	33 (7)
Other	Yes	25 (4)	29 (4)	27 (8)
	No	75 (12)	71 (10)	73 (22)

Note: Responses to question no. 46: “During your time as minister did you experience any attempts to bribe you to favor specific groups or an individual?” (N in parentheses).

Nearly 50 percent of the respondents confirm that threats do indeed affect decisions or implementation,¹⁴ indicating that powerful interests penetrate the state and sometimes get what they want. But one comment to this from especially one of the ministers questions whether the pressure is in fact perceived as a threat in the negative sense.

Figure 4.7. Effects of threats.

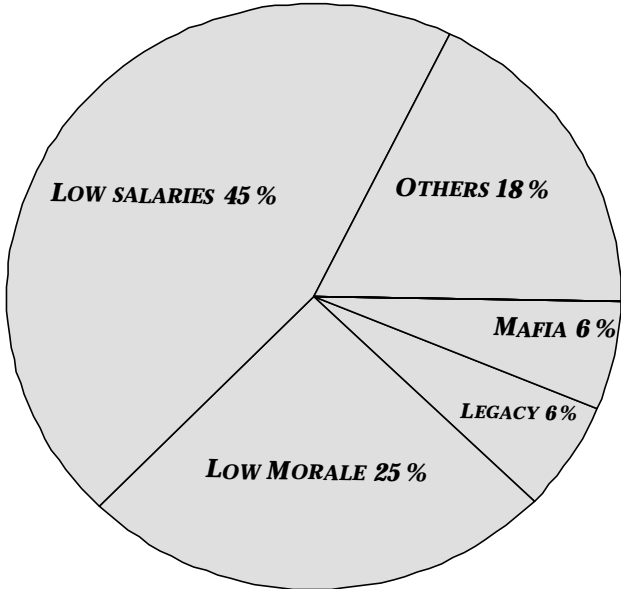


Note: Responses to question no. 48: “If such pressure was exerted in any of ministries, what is your opinion, did it have effect on the decisions or the implementation”.

The pressure did have effect, but not because of threats, more because of previous relations with some non-state actors (friends) (State Minister of Economics).

Finally we wanted the opinion of the ministers about the causes of the widespread occurrence of corruption in the state administration. As seen from Figure 4.8, low salaries in combination with personal flaws (low morale) are the most widely used explanations, while the legacy of the past and the impact of Mafia is deemed only to be of secondary importance.

Figure 4.8. Causes of corruption (in percent).



Note: Responses to question no. 50: “What are the main cause(s) for corruption in

Summary analysis

Where does this review of state capacity and capability in post-independent Latvia, as seen through the lenses of past and present ministers, take us? How are we to characterize the present Latvian state type? Does the state match capacities with capabilities? How should we characterize the mode and type of government. These are the questions we have tried to answer in this report by using the perception of past and present decision-makers to help us understand how the state works and how this 'state of the state' is perceived.

Regarding the 'state type' – the role the state plays and should play in development – the majority of the interviewees seem to favor an active (developmental/social-democratic) state with comprehensive responsibilities for economic and social development. They also favor the Weberian ideal type neutral bureaucracy, in which technical and administrative functions are clearly separated from political considerations. However, the real 'state of the state' remains far from this ideal and is a strange creature, mixing past institutions, present circumstances and hopes for the future. The institutions

of the past are still manifest in a number of dimensions. This is apparent in the functional specialization of the ministers whose technical expertise, rather than political skill, seems to be a necessary qualification. It is seen in the alienation of many civil servants vis-à-vis an awakening civil society over which they have lost control. It is also seen in the limited technical and administrative capacity of the central state administration. So, whereas the ambition of a majority of the interviewees is an open and reflexive civil service open to society and its concerns, the reality is different. This schism is underscored by the widespread mutual suspicion of 'misuse of position' among ministers. This deep mutual mistrust may reflect a corruption that may be associated with many of the relations that do link the state to society. Based on what we learned from the interviews we may say that the state administrations in present day Latvia is indeed embedded in civil society. But rather than the positive embeddedness envisaged in the developmental state, where the state exploits its links to society to design policies that promote the general interests, we seem to face the opposite situation in Latvia. If our ministers are to be believed, particularistic self-serving interests have captured part of the state.

Turning to 'mode and type' of government, the central roles played by parties in government indicates that the centrifugal forces of coalitions are balanced by a relatively cohesive elite that solves conflicts behind closed doors. However, the devolution of power to individual ministers has been accompanied by greater co-ordination tasks for cabinet of ministers. In this process cabinet committees and parliamentary committees have ceased to play a major role.

Where does this picture leave us in terms of the categories of governments outlined in Table 2.2. The previous discussion shows that there is no clear-cut answer. The responses indicate that ministers have gained more prominence in the decision-making process at the expense of parliament. At the same time, the importance of the Prime Minister may have increased because of the greater importance ascribed to the co-ordinating functions of the cabinet. The role of parties in decision-making is said to have diminished, while the importance of party leadership has grown. If parties were to begin to function as the 'cement' in an otherwise fragmented government, we would end up with a decentralized parliamentary system with increasingly strong (though elite guided) parties (category 4 in the classification of Table 2). The data, however, are still too weak for such a conclusion.

We have not attempted to develop broader causal models explaining the patterns described in this report. To the extent that our respondents have alluded to causal explanations, they have interpreted corrupt practices in the

state in terms of low salaries in the public sector in conjunction with a lack of ethics or morale on the part of the civil servants.

Assessment of the methodology and the questionnaire

The mode of inquiry that has carried this study is obviously prone to a number of hazards. When you approach current (or former) central decision-makers how do you know that they can, or are willing to, tell you the truth and provide you with reliable answers? It is trivial to observe that decision-makers have their own agendas when interpreting the past or predicting the future, and that this agenda will produce a biased or selective reflection of the past and a skewed picture of the present. And how are we to know that they imbue the concepts with the same meaning as we do, and hence answer the question that you think you are asking? The answer is, of course, that we really cannot know if this is the case, and whether the answers are valid in terms of the questions asked. 'Travelling of concepts' (Sartory, 1994) is known to be a dangerous enterprise in which the substance of concepts depends on context.

The best (and only?) way to overcome these hazards of reliability and validity in the present context is to rely on the sound judgement of the persons who conducted the actual interviews. They were able to observe the actual phrasing, the pauses, and the body language of the respondents. Based on this assumption, we asked our interviewers to assess the reliability of the respondents (questionnaire, questions 67,68), the validity of his/her answers (69, 70), and to convey any information they might have on the respondents' terms of office. In particular, we wanted to know if there had been rumors about his/her involvement in corruption (66).

On the latter issue, the reliability of the answers, the general observation made by several interviewers is that there is a positive relationship between the time elapsed since the respondent's term of office and his/her openness and willingness to provide clear and unambiguous answers. Still in only 8 cases, all related to pressure on decision-makers (Questions 44-48), did the interviewers assess the answers of the respondents as unreliable. In a few cases the explanation appeared to be that the respondents themselves had been indicted of some sort of illicit behavior. In one case the threats against the respondent and his family had been so ruthless that was he still reluctant to talk about it.

The questionnaire also faired reasonably well regarding validity. As a proxy for validity we used the judgment of the interviewer, whether the respondents had difficulties in understanding the meaning of the question.

Table 5.1 shows the frequency of difficulties in understanding the questions as reported by the interviewers:

Only five questions have produced observable problems for the interviewers. Question 1 ('How do You begin the preparation for decision-making'), which was designed as a 'soft' opening question, obviously had the opposite effect, confusing the respondents by using overlapping categories and a blend of formal and informal criteria. Question 26, ('Concerning lobbying, the procedure in which certain outside interests tries to make their views influence the political process, how would you in most cases agree to the following statements?') did not work well, partly because legal 'lobbying' in the Latvian context has been difficult to distinguish from illegal pressure or corruption, partly because of the complexity of the question. Question 28, 'Try to rank the most important decision-makers affecting decisions in your ministry:..',

Table 5.1. Frequencies of difficulty in understanding questions.

Question number	Frequency
1	6
10	1
11	1
12	1
13	2
14	1
15	2
25	3
26	5
28	4
29	2
31	1
35	2
37	1
38	9
40	5
41	1
44	1
45	3
50	1
64	2

was difficult to answer because it was unclear to the respondents whether the question addresses only the constitutionally stipulated order or if they were also to consider the de facto relationship of power between central political actors. Question 38, 'How do you agree to the following proposition: It is positive when private business organizations participate as undertakers in the process of implementation of decisions?' reflects the 'conceptual travelling problem' described above. It seemed difficult for the respondents to understand how private business can be entrusted to operate state activities without engaging in corrupt practices. Question 40, 'In your opinion, under the communist soviet system, political decisions were implemented more loyally by the bureaucracy than now' was to some respondents incomprehensible, because they considered it deceptive to compare the workings of bureaucracy under democratic and non-democratic conditions. They are probably right.

Finally, in question 70 we asked the interviewers to report whether they felt that 'some of the questions went too far in terms of violating the discretion of the respondent'. We considered this important information. First, such questions could both jeopardize the reliability of the answers, because an otherwise open respondent will try to evade a straight answer and fabricate an edited version of reality instead. Second, such questions can also endanger the validity because respondents can deliberately misunderstand the questions. However, only in 13 cases did the interviewers report that they felt that they had violated the discretion of the respondents. The majority of these cases were related to questions about corruption (38, 43-48), while a few (one or two interviewers) reported that respondents seemed unwilling to talk about patterns of influence and power structures.

In sum, the questionnaire appears to have worked reasonably regarding both reliability and validity. For future use, however, we must consider alternative structures and/or rephrasing questions 1, 26, 28, 38, and 40 in order to avoid the 'conceptual travelling' problem.

Notes

1. For further information about the DEMSTAR program, see WWW.DEMSTAR.DK
2. We appreciate the constructive criticism received from Jørgen Grønnegaard Christensen, Guy Peters, and Lise Tøgeby.
3. The team of Latvian interviewers consisted of Ilze Ostrovskā, Eriks Jakobsons, Dagmarē Beitnere, Igors Kudrjavcevs, Uldis Galdins, Ilze Ostrovskā, Sarmite Dukate, Andris Spruds, Mareks Krakops, Armands Gutmanis, Tana Lace, Ritma Rungule, and Irina Režepina. Ilze Ostrovskā managed the practical organization of the interview-process.

4. We have made an attempt to estimate 'international embeddedness' in alternative modes by constructing an International Integration Index (Triple I) that measures the extent to which newly independent states manage to integrate into the international system. See Ole Nørgaard and Lars Johannsen, *The Baltic States after independence*, 2nd edition, Edward Elgar, Cheltenham, 1999, Ch. 1.
5. In this work we coded all post-communist constitutions on the relative authority vested in the president and in the parliament. On this basis we constructed an Index of Presidential Authority that was correlated with various measures of political performance. See Nørgaard (2000a and 2000b).
6. Some of the ministers from the early transitional government reported that it was natural to change a large share of the administrative staff who worked in the communist period, while others mentioned that replacements were difficult to undertake because of a lack of available qualified recruits.
7. The question of significance becomes problematic when comparing the difference between groups in the present survey. Such tests are not included, primarily because our sample is unique and we cover 51 out of 65 possible respondents, bringing us close to the total population. As tests of significance rest upon the assumption that all unexplained variance between groups are systematic errors they are very conservative measures, in our case with the result in that half of our comparisons are deemed insignificant, not proving that the relation is non-existent, only that is not statistically verifiable. By using tests of significance we actually risk to neglect important differences, but on the other hand when not using the tests all differences between groups must be interpreted carefully. See Risbjerg (1997), for further discussion of the use of tests of significance in non-sample situations.
8. 1995 is chosen as a point of reference when comparing the attitudes of the ministers because it marks both the beginning of the second freely elected government and the beginning of large scale privatization in Latvia.
9. Only 19 out 51 chose to answer this question, so the results are only indicative.
10. The question was: 'Name the three most important actors (governments, international organizations) that during your time in government tried to influence policy and regulation in your ministry.'
11. One foreign minister even said that the most important decision-making fora were informal dinners between selected members of the cabinet and special invitees, indicating a deliberate informal structure.
12. In the 11 parties to which our respondents adhere, 7 were leaders and 2 were vice-chairmen while being ministers.
13. Threats are exerted on different levels of severity and some are presumably related to small-scale matters, but the main question here is whether it is actually possible to use threats as a political weapon.
14. 15 out 51 declined to answer this question.

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DEMSTAR

DEPARTMENT OF
POLITICAL SCIENCE

Democracy, the State, and Administrative Reforms

DEMSTAR is a 5 year research program focusing on the role of the state and state administrations in countries undergoing rapid institutional change. The program is based on the belief that state and administrative capacities are important for economic and political development. While building on broader theoretical and comparative perspectives, the empirical focus is on the post-communist countries and on Africa. Both regions epitomize most of the issues, problems, and challenges also faced by other developing and by developed societies.

- DEMSTAR conducts research on four topics in order to elucidate the role of the state and of administrative capacities in changing societies:
- Theories and concepts of state capacity, in particular the relationship between the capacity of administrative and legal systems and economic and political development;
- Comparative institutional analyses of state capacity focusing on the workings of central governments and state-society relations;
- Comparative analyses of administrative reforms in the public sector;
- Focused comparisons of policy processes in Central and Eastern Europe and the CIS countries: privatization of telecommunications, and land privatization.

DEMSTAR was launched by the Danish Social Science Research Council under its priority area 'Democracy, Institutional Change and Political Regimes'. Research activities were initiated in the spring of 2000 and will run until 2005. The program is based at the Department of Political Science, University of Aarhus, Denmark.



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