Administrative Reform in Portugal: prospects ad dilemmas

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Introduction

Although it is situated in the southern part of Europe, the evolution of the Portuguese political system does unveil a very particular shape allowing for its featuring as a *case study*.

Ever since the XI century its construction, as a State, was accomplished by the King along with the central government which led the whole territorial expansion toward the Muslim Southern. From the XIV century onwards, it conducted the colonial expansion to Africa, Orient and Brazil.

Secondly, and contrarily to other European nations, Portugal was never a "composite monarchy", thereby being forced to observe regional and local autonomies. It resulted from several battles against the "invaders" Moors and since its very beginning it benefited from a most extraordinary linguistic and cultural homogeneity. Therefore, it did not have to comply with political bodies and pre-existing cultures and which were themselves different from the core culture and system (Gonçalves, 1996).

Yet, centralisation and political homogeneity played not only a role of paramount importance in the European expansion in the XV and XVI centuries, it also allowed for the tailoring and implementation of a strongly centralised administration, mastered by the central power. Insofar the local administration is concerned, the trend is different and it was supported by monarchs in order to face aristocracy. Moreover, it was the alliance between the King and the municipalities that hindered back feudalism in Portugal.

This sort of State moved on slowly throughout the XVII and XVIII centuries, and the XIX century waited upon a rationalisation attempt influenced by the Napoleonic model. Perhaps the most influential event in the Portuguese public administration was the reform of 1832, initiated by Mouzinho da Silveira[1], which imported the Napoleonic administration and the continental European administrative law. However, this was not adjusted to the political, economic and social developments of that time. For example, Caetano (1994:379) points out that the imposition of an administrative system borrowing from an alien country was a mistake on the part of Portuguese liberals. The collapse of the monarchy and the rupture with the church represented the destruction of all the traditional links between the predominantly rural Portuguese population, and the national government. The growing gap was not reduced by new mechanisms like the party system that aimed at mobilising the citizenry, and particularly the rural majority, and political parties failed to fill this void. Participation was through the traditional system of patron-client relationships almost without mass mobilisation. The result was a country with two systems: the old traditional system which was deeply rooted in Portuguese traditional and rural society and the new and modernised institutions

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[1] - Mouzinho da Silveira was a judge who Caetano defines as a person who could be "a loyal minister of an absolute king" and a "reformer of old institutions but respectful of their spirit…He was the reformer who loved order, hierarchy and discipline, who made revolutions from the top down but was unable to promote them from bottom to top" (Caetano, 1994:373).

established by law. This conflict between what Riggs (1964:20-30) called "prismatic societies" has remained until the present. North (1996:6) argues that "cultural constraints not only connect the past with the present and future, but provide us with a key to explaining the path of historical change."

The parliamentary government established in 1822 was inadequate for a country in which traditionalism was mixed up with modernism. In spite of new institutions and the rationalisation of administrative procedures, paternalistic relationships sustained the old practices and privileges. Directorates and public services kept their informal framework based upon Catholic values that stressed personalism and paternalism. On the other hand, during this quiescent period of (which lasted from the liberal constitution of 1822 until the Salazar regime in 1926), there were constant shifts in the administrative structure from centralised to decentralised organisations. From 1832 until 1900 there were ten administrative codes, each one representing a shift concerned with centralisation or decentralisation, but from 1910 to 1934 there was no Administrative Code. This instability weakened the credibility of change and reinforced the power and role of civil servants within the political system.

Nonetheless, this reform has been fully rendered formal, except for the administrative division.

Thus, and although the liberal constitutions have anticipated the recruitment of staff on the basis of public competition, it was only in 1859 that the competition mechanism was generalised within all public bureau and ministry. However, according to Machado (2000), favouritism practices and political protectionism did not stop. As for the ruling classes, it was established the *spoils system*, that is, positions were supplied with exclusively on the basis of politicians' willingness. Finally, during most of the XIX Century, it was used the rule of local administration nomination and, yet, it lost the autonomy it had enjoyed throughout the first centuries of the foundation of Portuguese State.

This political system was re-structured by the dictatorial regime (1926-1974), the so-called "Estado Novo" / New State.

1. The New State("Estado Novo") and the Public Administration (1926-1974)

As an initial remark it is worth to stress that studies of the Portuguese administrative system were severely constrained during the dictatorship period, and its development was strongly influenced by the legalistic approach generally adopted by Faculties of Law. Apart from these legal studies, data on public administration is scarce. A report on the civil service notes that "there is no systematic study about Portuguese Public Administration" (CICTRA, 1987:7). During this time scholars were afraid to analyse the administrative system from a critical perspective because it could be viewed as a crime against the State. Furthermore, since almost all universities were state-owned, scholars were under the statute of civil servant, and some academics did even work in directorates as Directors-General or in other high positions.[2] Thus, apart from studies in administrative law, literature on the Portuguese administrative system is scarce (Araújo, 1999). Only in the beginning of the 1970s, and particularly after the democratic revolution, there were more systematic studies made, some of which were by foreign scholars. Studies and data on the Portuguese administrative system before the democratic revolution are thus quite sparse.

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[2] - It is still common in Portuguese public administration to be a Senior Official and teach in a university.

The dictatorial regime envisaged to creating «Estado Corporativo» a Corporative State, thereby keeping the very same distance between the liberal capitalism and socialism, rescuing from oblivion the idea of a republic made of non-contradictory interests, but rather complementary ones. In this light, it promulgated a Constitution (1933), which represented corporatism while an official doctrine that sought to materialise the medieval political bodies (Wiarda, 1974).

As a matter of fact, corporatism camouflaged the authoritarian character of the regime. Thence, there was only one authorised party, the *União Nacional (UN) (National Union),* and it became the *Aliança Nacional Popular (ANP)*, the Popular National Alliance. It was essentially a civic association which acted more as a recruiting and socialisation agency gathering together future public servants for the regime.

The electoral process was rather a most effective way of legitimating the regime. As a whole, the participation of opposition parties was strongly constrained, and the control for electoral lists was government's responsibility whilst the citizens' participation hardly accounted for more than 10% of voters. Beyond the regime legitimation, the elections did also constitute the best occasion for updating the files comprising the opponent politicians to the *New State*.

Under these circumstances, the state legislative role was not other but a farce. In addition, the executive power was utterly centralised in the President of the Council of Ministers - Dr. Oliveira Salazar - whom directly controlled for the administrative structure. In this light, there was not an effective separation between politics and administration which is one of the modern states' characteristics.

And, yet, the *New State* did rationalise the Administration by creating the *Inspecção Geral de Finanças* (Finance General Inspection), the Reorganisation of the Court of Accounts and the Reform of Public Accounting. The scope of the reform focused upon the rationalisation of structures, the establishment of strict processes of fiscal accountability and the purge of untrustworthy civil servants, reducing patronage and "personalistic political party influence" (Graham, 1975:14). The aim of the first general reform of the civil service career system was to stop administrative chaos in the Portuguese administrative system (Felismino, 1954:856), to establish a basis for strong government and to impose strict controls on expenditure by departments and the financing of public programs, together with the centralisation of departments. Salazar recognised the necessity of improving the functioning of the administrative apparatus. The previous period of inaction had not permitted any change in the system.

Insofar the public administration is concerned, it was re-structured by means of the Decree No 26 115, 23 November 1935. In what refers to the categories structure and the salary system, this Decree adopted a Weberian line of reasoning. However, as stated before, this reform did not end the so-called "patronage" and the division between politics and administration, and as Oliveira Salazar was at the top of the pyramid, he entangled deeply politics and administration. Moreover, personnel recruitment and selection used to comply with political criteria and being appointed to a ruling position depended upon political trust instead of any competence criterion. The Public Administration became a rather authoritative-bureaucratic system which permitted Salazar to consolidate his power. In this manner, the Public Administration framed itself as a political power instead of shaping itself as a public service (Graham, 1983).

For the reason that this political system' characteristics do not differ much from those as established in the southern European countries, especially the Iberian-American ones, we deem of paramount importance to draw a scientific explanation[3].

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[3] The following subject applies closely the model as featured by J. A. Oliveira Rocha, The Portuguese Administrative State. Columbia, S. C:: Univ. South Carolina Press, 1986.

Scientific Explanation

Several frameworks have been presented in order to understand and explain the Iberian countries. Anderson (1970), for example, speaks about the so-called "*crioulo politics*". In his view, the main problem has been to find a formula for reaching agreement among various elites (army, church, university, economic elites, labour, etc.) whose political strength and interests are different. These elites also have different styles because they emerge from different historical epochs. While other European societies underwent a process of fusion and absorption, the Iberian political systems have retained a kind of stratified society. The revolutions that have occurred meant only the change of elites.

According to Anderson, the political process in Iberia involves manipulation and continual negotiations among these several elites, since elections do not confer on the rulers a definitive legitimacy. The shuffling and reshuffling of the delicate power among the various elites, power contenders, and rival fractions and personalities are constant preoccupations. In order to balance these contending forces and maintain a working equilibrium among them, the existence of strong leader is necessary.

In this scheme, politics involves the capacity to combine heterogeneous power contenders in a constantly changing coalition that many times has little to do with electoral democracy as it is understood in the Anglo-American tradition. Similarly, development has taken the form not of a fundamental transformation in social structure but of a difficult accommodation of an Ibero-Catholic, patrimonial social order to the pressures of modern industrial civilization.

More recently, the Anderson framework has been completed with historical and political-cultural research. Silvert (1970), for example, refers to the "Mediterranean Ethos" and "corporative tradition".

The main argument of the analyses is that Portugal and Spain could not be understood within the general framework of political development because its political process and institutions were fundamentally different from the other European countries.

The central organizing concept of this analysis was corporativism. It was argued that corporatism was a unique and distinctive characteristic of the Iberian political system, which has been transferred to Latin American during the colonial epochs.

According to Wiarda (1979), the corporative tradition implies a value system based upon acceptance of hierarchy, elitism, and authority. It means a pattern of corporate sectorial and functional representation with authority vested in the Crown and central state apparatus; it implies a system of bureaucratic-patrimonialist state authority and social order based on patron-client interdependence; it implies a political system based on patrionalism, authority, and hierarchy, with a centralized and vertical structure of power and decision-making. The system originated during the Reconquest period (Middle Age), and did not change during the Discovers period (fifteenth and sixteenth centuries).

Suarez joined Thomism and Iberian customary law with the new imperatives of colonization. He, in large measure, stands in the Iberian-Latin tradition where Locke does in the Anglo-American. In his formulation, society and body politics are seen as properly ordered by objective and external natural-law precepts rather than by consensus or election. The people do not delegate but alienate sovereignty to their prince. Although the people are in principle superior to the prince, they vest power in

him without condition that he may use it as he wants; the prince is bound by his own law and he cannot be punished by those people; he is responsible only to God.

This system remained unchanged until the nineteenth century. The liberal revolution (1822) represented a blending of the traditional "monarquia moderada" (moderate monarchy) following a newer form of British Parliamentarism. The forms were constitutional (1822-1920) and republican (1910-1926), but the operating realities were continuous within the Portuguese history. The parties were rival elite fractions struggling for the control of the same patrimonialist state apparatus. Elections were the expression of the classic patron-client relations and had little to do with democratic choice in the Anglo-American tradition. Although the feudal privileges were legally abolished, the power of old interest was perpetuated and Portugal remained an elitist system without any genuine popular rule.

The New State (1926-1974), according to the culturalist corporatism, represented an effort to control the new social forces emerging in Portugal, using the traditional framework of order, hierarchy, corporatism, and authority. The Portuguese corporative structure never was the artificial facade for totalitarian dictatorship that corporativism was in Italy. Because corporatism has become so imbedded in Portuguese social, economic, and political structures, it remained a major persistent tradition even after April 25, 1974.

The third explanation is called the "Administrative State Model". According to Graham (1975), the New State (1926-1974) must be classified as contemporary case of a centralized bureaucratic state with political struggle confined to the same arenas, although without institutions of monarchy.

In Portugal, as in other European countries, the lack of consensus made it indispensable to resort to bureaucratic rule, since one cannot take the risk of involving citizens who did not accept the minimum rules of the game. In these countries, patterns of political change are characterized by alternation between faction-dominated parliamentary, systems where considerable constraints are placed on executive power and strong executive-centred regimes in politics are centred in bureaucratic arena. Within these governments, public bureaucracies are well institutionalized and provide continuity.

As was already noted, the Portuguese political system had its antecedents in the Roman period and in the Reconquest. The Roman system not only served as the modern, state-building royal authority, but it also served as the form of organization toward which all ruling elites aspired. The ways of Reconquest (until the fourteenth century) gave origin to a patrimonialist and centralized state. The state became the regulator of both social structure and economic life.

The patrimonialist system continued to regulate the entire process of economic and political life during the period of overseas expansion (fifteenth and sixteenth centuries). Commerce, war, and colonization were all a part of the same extension of royal authority and of an even more elaborated model of bureaucratic-patrimonialist state organization.

In fact, Portugal never developed a capitalist system during this period. In the nineteenth century Portugal represented a mixture of traditional form and a newer form of the British parliamentarism. The form was constitutional, but the operating realities were continuous with Portugal's earlier history. The parties were rival elite factions trying to control the same patrimonialist state apparatus. In fact, Portugal remained an elitist system without any genuine popular rule. Ultimately this regime gave way to parliamentary republic in 1910, but popular participation never occurred even though the Republic was characterized by a rapid proliferation of parties and factions.

By 1926, economic chaos and political instability had become so great that the military intervened and in 1930 the New State emerged; it was a consequence of politics of survival in an industrializing country.

Making and implementing public policy in the new regime came to be limited to the bureaucratic arena. The authoritarian regime had ruled the country through a legalistic, centralised and authoritarian administration, developing a powerful administrative apparatus that was based on a centralised decision-making process and an excessive formalism. At the very top of the administrative system were the directorates, powerful organisations with an important role in policy formulation and implementation. Directorates were responsible "for the great majority of the work carried out by the government" (Graham, 1983:226). The administrative apparatus was more than a public service – it became the support of the regime, the instrument through which citizens were controlled, and a power in itself within a law and order state. The majority of government work was transferred to the technocrats (the Directors-General), which strengthened the power of the directorates (Graham, 1983:226). Participation in decision-making and implementation of public policies became a matter for senior civil servants, as in the administrative state model. Technical legitimacy was based on the power of higher administrative structures, the directorates, which substituted for democratic political decisions (Araújo, 1999).

Salazar rarely finds it necessary to consult with his ministers; matters are normally allocated to top officials in various bureaucratic sectors.

The corporate institution of the New State remained at best formalistic. Behind the facade of corporativism, the policy process – decisions in economics, in politics, and in social policy – was clearly the preserve of the bureaucratic elite.

Meanwhile, the Portuguese civil service maintained characteristics of the old world, such as hierarchy, formality, legality, and class-consciousness. However, this formalism, rigidities and the hierarchies serve as means to maintain the *status quo* and hold the lower class in check. It is a classic bureaucratic system.

Concerning the civil service, the rate of growth of civil servants was high (about 6.38%) from 1935 until 1968 (see Table 3). Despite the absence of detailed data for dictatorship period which would have allowed a fuller analysis, one can say that the rate of growth was higher from the end of the 1960s, at which time the government was committed to economic development and to the implementation of social policy. From 1953 it began to implement National Development Plans (*Planos de Fomento Nacional*) which were aimed at investing in infrastructures and promoting industrialisation. At the same time, it joined a number of international organisations (European Free Trade Association, the International Bank for Reconstruction and Development and the General Agreement on Tariffs and Trade). It is also worth noting the increase of civil servant numbers from 1968 until 1979. The growth during this period is explained by two important events: the commitment to the welfare state initiated by Marcelo Caetano[4] after 1969, and in the aftermath of the democratic revolution, the influence of the state's role in the economy and the construction of the welfare state. Thus, the late 1950s and the 1970s strongly influenced the growth of the public sector.

In sum, bureaucracy, paper work, administrative regulations all serve to lock the masses in place, freeze society and permit only those changes as approved by the State (Graham, 1975).

To complete the system, the regime ruled out party politics and interest group competition. The National Union (União Nacional) was the only party permitted, but

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[4] - Following Salazar's death, Marcelo Caetano was Prime Minister until the democratic revolution in April 1974.

was more a bureaucratic appendage of the regime than a real political party, which helped to implement governmental decisions. It was also a patronage agency, which is a means of dispensing goods, and government positions. Finally, it had the task of indoctrinating new elites.

2. The Construction of the Welfare State – 1974 to 2002

During the 1960s, the economic development began to pressure on the government to intervene more in social areas. In the early 1970s, in particular, there was a politically-driven increase in social policies and in redistribution of domestic income. Membership of international organisations prompted greater concern with social policy in order to follow international patterns. The flow of Portuguese migrants to European countries, which started in the beginning of the sixties, forced the establishment of social security conventions to guarantee benefits for emigrants and their families. In addition, as social security schemes aimed at workers, fishermen and rural labourers were unequal, with different risks and benefits, there were social pressures for reform to improve the effectiveness of social security policy, and to enlarge the categories of people covered by the system and the benefits. In the quest for a national scheme, the progressive reforms initiated in 1962 introduced uniformity of benefits into the system. For example the management of postponed benefits such as retirement pensions was centralised, and immediate benefits such as illness, maternity, disability, funeral, family allowance, unemployment benefits and occupational diseases benefits were managed at district level. In particular, the reforms rationalised the system and increased political monitoring of policy implementation. These were important steps which later reformers took further in their pursuit of universal social security coverage.

The system advanced from social insurance toward a system of social security. With the Caetano regime in the late 1960s (following Salazar's death), there was a move toward a limited social state with a redistributive policy. This was a period of consolidation for the central organisations responsible for social security policy, and an examination of the financial evolution of social security outlays until the revolution illustrates this trend (see Table 1).

Table 1 - Income and Outlay and Capital Transactions of Social Security Funds
(Current prices)

million escudos

	1960	1965	1970	1975
Current Receipts[1]	2 371	4 489	9 814	31 144
Current Disbursements:				
Social security benefits	1 618	3 022	4 537	23 285
Other	375	739	2 420	10 305
Finance of Gross Accumulation:				
Saving	378	728	2 857	-2 446
Capital Transfers	2	14	1	0
Other	0	0	0	55
Net Lending	248	476	2 672	-2 750

Source: United Nations, 1978

1 - These are the contributions from employees and employers.

The economic development promoted by national plans in the late 1950s influenced the pattern of policy income and outlays. Receipts increased as a result of the coverage of people integrated in the social security system (numbers almost doubled every five year). From 1970 to 1975 there was a boom as a result of the integration of several groups into the social security system through its extension to rural workers, fisherman, housekeepers, merchants and professional liberals.

In addition to financial strains there was a rapid increase in the number of pensioners (see Table 2 below).

Table 2 - Growth Rate of Number of Elderly Pensioners
From General Scheme and All Schemes (1970 - 1995)

	General Scheme	All Schemes
1970 - 1975	189.5%	891.7%
1975 - 1980	159.4%	107.4%
1980 - 1985	44.8%	11.00%
1985 - 1990	32.6%	12.9%
1990 - 1995[1]	25.8%	9.5%

Source: Santos, Bento, Gonelha and Costa, 1998:132
1 - Provisional data.

The rate of growth of pensioners was particularly high between 1970 and 1980 as a result of the integration of several social groups into pension schemes. This highlights the weak development and coverage of social security policy and the political importance of social security policy after the democratic revolution.

During the 1970s there was an increase in the range of benefits and the extension of coverage to other people such as professional liberals, priests, housekeepers and rural workers. The state was committed to integrating the entire population into a social security scheme, since at that time social security benefits were not yet fully implemented, particularly in the less industrialised area of Portugal. Among rural workers in 1960, for example, only 20 per cent of heads of family and 17 per cent of their dependants received any social security benefits (Lucena, 1976:393-394). The rapid increase of contributors and pensioners challenged the administration of policy and was a pressure for reform. Despite the growth of the state, the Portuguese administrative system was not modernized to deal with the new responsibilities which sprang from the emergent welfare state. Blume points out that the attempts to change in the 1950s and 1968s were disappointing: One reason was the resistance to any change of the older organizations [the directorates]. Another was the weak effort made to integrate and to co-ordinate the several and sundry administrative agencies. And a third was the failure of the reforms to penetrate into the lower levels of the administrative hierarchy (Blume, 1975:49). Legislative measures were seldom implemented effectively nor was the enforcement of law a regular procedure. For instance, Wiarda (1973:75) points out that Portugal was a corporative system in law but seldom in practice. He also comments that in the past many Portuguese laws and institutions were a means to gain acceptance from other Europeans countries and to show that it had a similar system to those of its Europeans peers.

The democratic revolution and the consolidation of the welfare state

In the aftermath of the 1974's revolution the government's main concern concentrate in tree main issues: to dismantle those services connected ideologically to the old regime, particularly with the censorship activities, to destroy the power of strong economic groups, including those in monopoly positions, and to build the social state.

The overhaul of the administrative elite after the democratic revolution was influenced by the role performed by Senior Officials. The new regime did not represent a rupture with the old administrative system. The main concern in the aftermath the democratic revolution was to purge those Senior Officials identified with the old regime. However, according to Danopoulos (1991:34) a 'purification' through purging elements with ties to the New State was minimal, while research by Opello (1983:68) suggests that only 38 per cent of the administrative elite were appointed following the revolution. The new ruling elite slightly changed the administrative apparatus. They used the administrative system to reinforce the positions of their political parties in the political and administrative arena, and to control policy implementation. On the other hand, the model established by the constitution after the democratic revolution required a large administrative structure to implement and control state activities. In particular the number of agencies working in areas related to industry, social policy and health increased. Some of them they continued to carry out the kinds of activities that always had been performed: i.e., implementing regulations and interfering in economic and industrial activity. For instance, there were hundreds of enterprises that became state-owned. Hence, in spite of the apparent shift in the focus of policymaking from the administrative system toward the political system, it was an opportunity for Senior Officials to reinforce their property rights concerning policy-making through party membership. The administrative system reinforced its power with the protection of political parties, and the honeymoon between Senior Officials and political parties hampered the implementation of radical reforms since this linkage caused politicians and Senior Officials to share the same interests (Araújo, 1999). In addition, the struggle among political parties to control the state apparatus diverted attention from the need for structural reforms. The country was led into different directions as governments tried unsuccessfully to implement different policies. Moreover, the military established a Revolution Council (*Conselho da Revolução*) which blocked legislative reforms. Graham points out that the opposition of vested interests in the political parties and in the public bureaucracy hampered reform. Reform would change the current power, and the risk of disruptions in the bureaucratic domain was not desirable at a moment of normalisation. He argues that governmental departments still followed their own internal dynamics as they had done before the revolution (1983:244-245).

The building up of social policy after the democratic revolution was done through increasing political interest and political control by means of a far clearer and more interventionist strategy. As Araújo (1999) points out, after the revolution there was political interest in social security issues and support for a more generous policy. This created challenges for the administration of policy. At the time the social security system did not cover everyone in employment. Benefits were inconsistent across a huge range of the population and there were large groups not covered by the system. The uneven level of policy implementation meant that some citizens were integrated into a system of benefits, some were in the process of integration, others were yet to be integrated, and others had no likelihood of integration at all. The principal target of policy reform was to expand coverage of benefits and harmonise them across categories of workers and to set up a universal system with welfare benefits extended to every

citizen. In fact, the 1976 Constitution established (in Art. 63, n. 1) that "everyone has the right to receive benefits from social security", and that the state needed to create "a unified and decentralised system of social security" according to the principle of universality. The influence of left wing parties in social policy reinforced the welfare state. A national health service was established, relieving social security system of this responsibility, and a 'social pension' for persons not covered by any scheme was created. The number of old age and disability pensions rose rapidly from 41.2 thousand in 1971 to 500 thousand in 1975 (Bento, quoted by the CLBSS, 1997:93). The system was unified in 1984 with the standardising of benefits through the establishment of social security schemes (Law 28/84). Schemes with low benefits coverage increased their benefits, but schemes offering high benefits coverage had these reduced through special procedures. Social security became a right for the people through a new approach that did not look separately at social security and social action, but sought to merge these two aspects.

Concerning the economic role of the state the democratic revolution represented an increase in the number of public enterprises, and in its aftermath the government, supported by the left-wing parties, started a vast process of nationalisation in such areas as insurance, banking, power production, transport, chemistry, shipbuilding, and other industries. The left-wing approach to the economy increased the role of the state in the economy. The Constitution of 1976, approved by the first Constituent Parliament, reserved certain industrial sectors as exclusive of government intervention, and stated that all nationalisations made after the democratic revolution were irreversible. It also confirmed that the government should define which basic sectors were to be forbidden to private activities (Assembleia da República Portuguesa, 1976: art. 83 and art. 85). The rationalisation of industry was guided by ideological motives. All these were devices to protect domestic companies from competing products originating from foreign markets. Several industries and services were nationalised, with a concomitant increase in administrative structures to manage the economy and supervise the nationalised industries. As a consequence the bureaucracy of the New State, with only a few exceptions, remained intact after the 1974-1975 revolution, and actually increased in size (see Table 1 above). On the other hand, the influence of politicians over policy issues changed the nature of 'administered policy'. Political influence over decisions and administrative issues became more important than the technical issues. Danopoulos (1991:33) suggests that politicians worked toward national reconciliation by building participatory and pluralist structures, an opinion shared by Pimlott (1977:332) who stresses that the revolution was limited in the changes it made to the administrative system. He points out, for instance, that nationalisation simply removes ownership from private hands to the state administrative machine, allowing more direct government control through major investment decisions. This was similar to the previous regime, which had reinforced interlocking directorates. Public services experienced only minor changes, except for those that had a direct and close relationship in supporting the old regime. Political instability, politicisation of administrative structures and the absence of a clear policy of reform hampered change. This period, rich in political and social changes, was not utilised to introduce a vast administrative reform on the wave of revolution. Political instability and the lack of a strong leadership hampered any deeper reform.

Changes in the civil service

Concerning the civil service important changes happened in after the democratic revolution: the career system, retirement, and disciplinary statutes were altered by new regulations, and an appraisal system was introduced. The career system was institutionalised in 1979, and common procedures and conditions were established to enable individuals to proceed in the career according to statute. Through appraisal of performance, the career system stressed merit, in addition to seniority in the post, as decisive factors for promotion. An important change was the Decree-Law 248/85, which changed the criteria of academic qualifications for career progression. Under the new career system, progression is based on professionalism, training and performance. It institutionalised the professionalisation of the *Técnica Superior* and *Técnica* careers by requiring one-year long apprenticeship period, which included job-related training, in order to enter the career.

As in other administrative systems, growth in the numbers of civil servants followed the development of society and the intervention of the state in social and economic life. Table 3 shows this evolution during the period from 1935 until 1999.

Table 3 - Growth of Civil Servants

Year	Central Administration	%	Local Government	%	Total	Annual Growth
1935	25 588		n.a.		n.a.	-
1968	155 213	78.9	41 542	21.1	196 755	6.38%
1979	314 029	84.3	58 266	15.7	372 295	5.97%
1986	384 448	82.8	79 873	17.2	464 321	3.21%
1991	418 868	82.2	90 864	17.8	509 732	1.88%
1996	500 535	80.8	118 864	19.2	619 399	3.97%
1999	576 548	80.5	139 870	19.5	716 418	4.97%

Source: CICTRA, 1987; SEAPMA, 1998; IGBDRHAP, 2001.

After the democratic revolution, public employment increased as a result of the accompanying increase in the government's role in society. In 1999 public employment was 14.8% of the total employment (IGBDRHAP, 2001:7). During this period 49 000 civil servants from the ex-colonies were integrated into the civil service in the mother country, which represented, at the time, 13.3% of the public employment. Furthermore, political parties used the administrative system to reinforce their position by recruiting followers for administrative positions. The growth civil servants slowed after 1979, first to 3.21 per cent annually from 1979 to 1986 and then to 1.88 per cent until 1991. However, since then (19991) it has again proved difficult to control the growth of civil servants and this has averaged 3.97 per cent a year from 1991 to 1996 and to 4.97 per cent a year from 1996 to 1999. In fact, the restrictive policy implemented in 1984 for new admissions to the civil service was responsible for the reduction in government employment growth until 1991. The reasons for 'freezing' admissions into the civil service and promoting early retirement incentives were the need to control public expenditures and the growth of public employment. However, the effectiveness of this

policy was limited. There was then a catching-up in the growth of public employment. Civil servants were able to overcome the restrictions by using legal devices that introduced flexible forms of personnel management, including hiring individuals on short-term contracts for long-term positions through successive contract renewals.

Political pressures to change the constitution emerged in the beginning of the 1980s. The first constitutional revision in 1982 purged some Marxist concepts, extinguished the Revolutionary Council, and consolidated the power of political actors - President, Parliament and Party System - thereby making an important move in the institutionalisation of the democratic regime. The section on economic organisation was modified by opening up the possibility of legislative change. However, the predominant role of the state in the economy did not change, and the constitution's economic clauses suffered 'cosmetic changes' only. The main shift was in the 'de-ideologisation of the constitution, which remained inadequate for a democratic regime that wished to organise the economy according to the market system. The constitution protected state-owned enterprises against privatisation, claiming that they were an 'achievement of the revolution'. Hence, in the 1980s there were two important issues facing the country as it sought to recover the time lost in struggles among political parties. The legacy of the dictatorship and the errors of the post-revolutionary period needed to be cast away as soon as possible, or the country would fail to survive in an increasingly dynamic and competitive international market.

The country's modernization - 1986 to 2002

When Portugal became a member of the EEC (now the EU)[5] in 1986, a new era in the country's history began. Membership represented the consolidation of the country's young democracy that had begun with the democratic revolution of April 1974, and its return to the European family. For a country that had remained isolated from developments in other western democracies for fifty years, the overthrow of the authoritarian regime, the loss of its African colonies a year later, and membership of the EEC represented major milestones. These were particularly significant events, and they have had a profound influence on the political, economic and social evolution of contemporary Portugal. EEC membership, in particular, represented the beginning of a new stage in which reform was to become an issue on the political agenda of all governments.

The EU membership represented a breakthrough in public policies and a move from direct state intervention and guidance toward a more liberal policy. There were in fact overwhelming and diverse pressures for certain European countries – including in particular the young Portuguese democracy, newly arrived in the EU – to change and to join the group of more developed countries. The big challenge was to help domestic capitalists to restructure their industries and attract foreign investment that would pull the country toward the level of development of other western countries. Portugal needed to uproot its traditional and obsolete socio-economic structures and establish a modern system. Secondly, the loss of its colonies and the need to expand relations with other western, and particularly European countries, was an important reason for joining the EU. The time-span and the learning processes were short and the job was complex. The

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[5] - EEC – European Economic Community; EU – European Union.

country's openness to democracy and the progressive economic and political internationalisation provided an opportunity for structural reforms, some of them supported by EU structural funds. Development and modernisation, were two vital issues on the political agenda, and were needed to meet the challenge of international competition. For this it was crucial to reduce the burden of the state by improving the efficiency and effectiveness of policies. It is worth to stress that the period from 1987 until 1995 saw favourable political and economic conditions which allowed a systematic approach to administrative reform. First, there was a stable government with a majority in Parliament. Secondly, domestic and international economies were recovering from the oil crisis and the economic depression. Thirdly, the country received huge funds from EU structural funds during this period, which accelerated reforms. The process of integration turned the country into a recipient of resources from EU structural funds to improve infrastructure and industrial competitiveness. Structural funds were an important source of economic development and were increased from 1991 with 2.9 per cent of GDP, to 3.1 per cent of GDP in 1996 (see Table 4).

Table 4- EU Transfers
(% of GDP)

	1991	1992	1993	1994	1995	1996
EU Transfer to Portugal	3.5	3.7	4.7	3.6	4.4	4.2
Structural Funds	2.9	3.1	3.9	2.3	2.9	3.1
Other	0.6	0.6	0.8	1.3	1.5	1.1
Transfer to EU	1.2	1.2	1.2	1.7	1.2	1.1
Net EU transfers to Portugal	2.3	2.5	3.5	1.8	3.2	3.1

Source: OECD, 1998

EU funds become a critical resource in economic development, particularly the structural funds, which represent the major source of financial resources for implementing development programmes to modernise the country. For instance, these funds were used to pay for several programmes to modernise domestic industries. It has been an important experience, particularly for the public sector, since the country's overall competitiveness depends on the success of effective and efficient management of these resources. EU membership required multiple channels of negotiation which sometimes needed co-ordination among ministries. This required the establishment in each ministry of a unit responsible for the co-ordination of EU issues.

Hence, political leaders concentrated on three main objectives: to change the closed domestic economy into an open economy, to redefine the state's role in the economy, and to meet the challenge of modernisation. A more liberal and less bureaucratic State was needed, to reduce compliance costs and create favourable conditions so as to improve economic performance and competition in the domestic market. It is worth noting that political stability and political support were important for the success of such reform. From 1985, for the first time since the first republic in 1910, the country was ruled by a democratic government which had achieved a parliamentary majority.

The first constitutional revision did not, however, go as far as it needed to in order to introduce the changes envisaged by a market system. In addition, big business

pushed for the opening of the industrial sectors to private initiative and for privatisation of state-owned companies. In response to these pressures the second revision in 1989 eliminated all ideological references to socialism and allowed for economic liberalisation. The constitutional text brought the country in line with the market economy model, and opened up important sectors of the economy to the private sector. The parliamentary majority held by government was decisive in pushing through an important legislative reform programme that was designed to reduce the weight of the public sector in the economy and encourage the development and modernisation of the private sector. These changes presented an opportunity to redesign the role of the state in society by privatising and deregulating important markets such as banking and insurance and to introduce flexibility in labour laws, tax reforms, and reduced public spending. Influenced by the neo-liberal experience in other western countries, such as Britain's privatisation in 1979, the government started to target the idea of 'less state, but better state'. The selling of state-owned enterprises followed the British model implemented in UK in the late 1970s. There was a public offer with a percentage of shares reserved for workers and small investors and another for big investors. In some enterprises a 'golden share' was reserved for the state. Between 1989 and 1996, around 40 state-owned enterprises were privatised, yielding receipts of nearly 14 per cent of GDP (OECD, 1998:92). Portugal was "the third largest privatiser in the OECD, after the United Kingdom and New Zealand" (OECD, 1994:64).

However, privatisation was opposed by powerful interests coming from political parties, unions and the civil service. State-owned enterprises support political appointments, a prerogative which politicians and political parties did not want to lose. A compromise was reached via an effective strategy that consisted of keeping a 'golden share' - this enabled government to interfere in an enterprise's decisions, and to have its own representative. Moreover, the agency that is responsible for managing the state's participation in enterprises – the Investment and State Participation (*Investimentos e Participações do Estado* – IPE) has become a powerful holding organisation which is developing its own investment policy in domestic and foreign markets in areas such as water supply and other business. The 'dirigiste' nature of Portuguese politics strengthens the option to interfere in the private sector. In spite of neo-liberal economic policies, politicians do not want to lose their control over enterprise.

Privatisation allowed the government to withdraw from its long-term obligations to operate publicly-owned companies that had a significant impact on controlling public sector expenditures. It was a catalyst to improve efficiency and competitiveness by replacing "inefficient, overstaffed and uncompetitive industries" (Corkill, 1994:216). It was also an opportunity to improve the efficiency and competitiveness of the Portuguese economy. "Public assets sales were largely motivated by the desire to improve the efficiency of the large state-owned enterprise sector" (OECD, 1993:36). This was regarded by the government as an appropriate way to modernise and restructure the economy and to change the role of state in the economy. It helped to reduce the size of the public sector and discipline governmental financial management. However, this was one source of the public debt. Another component where amounts had been increasing since 1970 was public consumption, which grew from 14 per cent of GDP in 1970 to 17.8 per cent of GDP in 1995 (OECD, 1996:144).

In the period following EEC membership, pressure to improve the functioning of public services has become more urgent. Delays in decision-making, red tape, low co-ordination and other mismanagements are common features in the administrative system and have high costs for enterprises and citizens. A study shows that the implementation of 25 per cent of all initiatives proposed to reduce formalities and red

tape, represented an overall saving for the citizens of 6.46 million euros a year. But there are other initiatives 'on paper' still waiting to be implemented by public services (Lopes, Almeida, Lusopress, 1993:40). The bureaucratic and formalistic form of administration imposes high compliance costs on enterprises. This problem is more complex because compliance costs affect the ability of domestic industries to compete in external markets.

At the time the macro-economic policy was aimed at reforming tax and reducing public expenditures by cutting the public administration payroll. Membership of the EU caused some inconsistency in budget policy. At the same time it was imperative to reduce the public deficit in order to conform to the economic convergence criteria which the country needed for increasing public expenditure: this was because EU funding programmes required the participation of domestic funds.

Table 5 - Government Expenditure in Portugal
(% of GDP)

1970	1974	1978	1982	1986	1990	1994	1996
18	20.8	27.8	31.8	36.7	37.5	40.3	41.1

Source: Commission Européenne, 1996

Public debt and particularly public consumption continues to be difficult to control, and it has been difficult for the government to achieve its objective of reducing the cost of the bureaucracy and the inefficiency of the administrative system. The size of budget has increased since the revolution. Left-wing policies, the need to establish new public services, and the growth of civil servants were the main sources for public expenditure increases, whose percentage of GDP more than doubled between 1970 and 1996.

The challenge for civil service

The ideas of New Public Management and the reform experiences of other countries influenced administrative reform in Portugal which had impact on the structure and functioning of government. Reform included changing structures, work methods and procedures. A vast programme of training was developed to promote cultural change and 'to bring the administration closer to its clients', and the introduction of a more responsible and open relationship toward citizens became a reform priority.

One issue on which there were improvements was that of the relationships between citizens and the administration. From the late 1980s this was the big target to which reform proposals were directed. Reducing formalities and increasing administrative transparency in decision-making was the aim of several measures, some of them borrowed from experiences in other countries. For example, the establishing of channels of communication with enterprises was borrowed from Germany and France, who had developed such a system in the late 1970s to deal with the problems of enterprises and to offer suggestions on administrative obligations and regulatory issues. As well as legislative measures to improve this relationship, a vast training programme was implemented for civil servants. The then Secretary of State for Administrative

Modernisation stated the three main target of reform: a) to improve the relationships between administration and citizens; b) to reduce compliance costs for enterprises; and c) to improve the skills of civil servants (Corte-Real, 1990:152).

Initiatives such the Quality Programme were applied as a counterpart to the cultural change implemented in 1993; these aimed at improving relationships between the citizens and the administration from a citizen-oriented base. Prompted by pressures from citizens and from enterprises, the programme had transparency, simplification and participation among its main targets. A Quality Charter, approved by the Council of Ministers, invited ministries and local authorities to develop sectoral quality charters and to set up quality standards. In addition, an Ethical Public Service Charter setting out the duties of civil servants with regard to quality of service, competence, courtesy and dedication was established.

Attempts to improve policy effectiveness have been made through reorganisations. Ministerial fragmentation is a characteristic of the administrative arena. Each ministry tries to protect its prerogatives from the intrusion of other ministries with a strict and formal pattern of lateral communication that leads to a superfluity of organisations performing the same task. For instance, there were two commissions affiliated to two different ministries to study the impact of the Euro on the domestic economy and to spread information about the single currency. A third commission was established to co-ordinate these commissions because of divergence about how to share the funds coming from the EU for that purpose (*Diário de Notícias*, 15/5/1998). In the same way, there is fragmentation among sub units within each ministry. Looking at the evolution of directorates in the main areas of government activity, we see an increase and then a reduction in their number, as Table 6 shows.

Table 6 - Evolution of Directorates-General after the Revolution

Government Area	1975	1978	1982	1985	1987	1993	2005
Industry	7	20	6	4	3	3	14
Interior	3	1	1	8	5	6	7
Agriculture & Fishing	6	8	9	6	5	6	17
Education	8	11	11	11	9	7	14
Trade & Tourism	5	7	6	5	5	5	1)
Total	29	47	33	34	27	27	52

Source: Gameiro, 1993; http://www.dgap.gov.pt/3estrutura_ap/
1) Included in the industry government area

However, initiatives to review governmental organisation and to improve general co-ordination are limited in their impact because of bureaucratic resistance. Reorganisations are often simply changes in the name of the previous organisation (Araújo, 1999).

After 1995, the country was ruled by the socialist party. Despite some changes in reform strategy the new Government followed a similar approach to administrative reform. For instances, the quality programme was revitalized and adopted the model of the European Foundation for Quality Management. The concern with

desbureaucratisation and streamline process persisted. However, the Government was committed to compromise with social and economic actors avoiding social conflicts.

Among the reform initiatives there were a flavour of New Public Management, and particularly of the Reinventing Government approach. Several ministries undergo major reorganization through the creation of public institutes (PI), which are a similar form of agencies. Public institutes are instruments of flexibility and agility of public service delivery that join the traditional management of public organizations with the private sector methods. Their creation does not follow a specific reform program nor a specific model; rather they are the result of individual ministerial initiatives that emphasize the revitalization of autonomous organizational forms that exist in the juridical administrative regime (Araújo, 2002a). They are a trend among ministries that has become stronger in the recent past, in part influenced by the experiences in other countries, the need to overtake the strict administrative law constraints in public services management, personnel management, and financial management and partly to overcome bureaucratic resistance to change.

An attempt to revitalize service delivery and to employ innovative organizations to deliver services to citizens was the introduction of new organizations to a method of delivering public services called "Citizen Shops" (*Lojas do Cidadãos*). Several public services are concentrated in a single building whose management follows the practices of the private sector concerning service delivery and opening times, rather like a "shopping centre". This is a kind of agencification and it is an attempt to avoid constraints of civil service red tape and bureaucratic resistance to change (Araújo, 2001).

The strategy for management reform followed the development of policies. It was the 'crisis' through which each public organization lived that prompted changes and guided reform initiatives. The strategies for management change was oriented to those external pressures which represented a major threaten. According to Araújo (1999) changes within public organizations resulted from efforts to alter old ways that were inadequate for the new responsibilities, and from challenges prompted by evolving policies. As far as the reform proposals implemented by Government were concerned, there was a low take-up and broad indifference. This raises two important issues. Firstly, traditional practices seem to have been functional because they were able to persist in public administration in spite of external pressures to change. Secondly, there is a widespread resistance to change that is based on the institutional nature of public organizations.

Indeed, most of the reform proposals failed to get off the ground and even in those ministries that embraced the idea of reform there was bureaucratic resistance to change. There are no effective enforcement mechanisms, and there are very few studies on the impact of these reforms which are not publicly available. There is not a practice in the Portuguese administrative system to evaluate the impact of public policies: thus, apart from the annual budgetary auditing work undertaken by the Accounting Court. However, there are some indicators, such as reports, that help to assess the impact of reform in public services. For example, the report on *Renewing the Administration* (CQRAP, 1994) points out the need to develop three strategic targets for reform: improving the quality of public services delivery, streamlining procedures, and promoting training. In fact, notwithstanding certain changes, the system was not prepared to deal with the emergent democratic society that was attempting to reach the levels of other western societies. Social evolution toward a more liberal and democratic society failed to penetrate the rigid and inflexible administrative system. The 'gap' between public services and citizens increased, and citizens did not regard public

services as organisations that were there to help and serve them. Furthermore, new values introduced instability into the interaction between society and the state. Citizens become more sceptical about the effectiveness of public organisations in delivering services. A new perception of the role of the public sector in society imposed changes in the relationship between citizens and the administration.

Everywhere else, the centralised nature of Portuguese administrative system still prevails today. This can be seen from the slow changes in the balance of staff at central and local levels. In 1979, 84.3% of civil servants worked in central government and only 15.7% in local government (CICTRA, 1987), while twenty years later in 1999, 80.5% of civil servants still worked in central government and 19.5% in local government (IGBDRHAP, 2001).

The gradualist approach was not able effectively to take over the power of the senior officials which had run the government's affairs for so long. The link between senior officials and the political system is an important and continuous factor, which appears to be a deterrent to reform. Administrative reform in Portugal had been formulated through legislative measures and limited to administrative issues, and it maintained the structure of incentives through an unreformed institutional framework. Even today there is no efficient and effective system of monitoring policy implementation and public services management. This appears to be a 'taboo' issue in all governments.

3. Dimensions of the Ongoing Reform: Between the Neo-Liberalism and the New Public Management (2003-2006)

In most European countries, the Welfare State was built up in the aftermath of the World War II, and it is in crisis from late 1970's onwards, there following the Public Administration reform policies. These policies attempted to cut down the expenditure and to rationalise the functioning of the State. The Welfare State started to be drawn in Portugal during the last years of the New State (after 1969), however it clearly took a leap after 1974: the number of public servants boomed so it increased expenditure due to the adoption of social policies. Thence, the Public Administration reform in Portugal does not display the same pattern as that of the centre and Northern Europe. Instead of fighting back the Welfare Sate losses, it consisted in, in the first phase, the adoption of anti-bureaucratic measures and, in the second phase, in the improvement of the services' quality. These and other measures were rendered formal for the purpose of enhancing the traditional administration instead of recreating the role of the state and rationalising the functioning of the administration. It was the possible reform in a poorly developed country at the economic and social level.

The overwhelming economic crisis in the beginning of the century, the public accounts deficit and the EU pressure toward the budgetary balance compelled the authorities to re-think the role of the State and the Public Administration dimension.

Ongoing Reform of the Public Administration in Portugal

The reform process begins with the electoral victory of the right wing parties in 2002, whose government, through the Resolution of the Ministries Council *(Resolução do Conselho de Ministros)* No 95/2003, 30 June, tailors the reform essential objectives:

- Endow Public Administration with prestige.
- Rationalise and modernise its structures.
- Re-evaluate de State functions.
- Foster a responsibility and evaluation culture whilst distinguishing merit and excellence.

Several legal decrees were issued afterwards designed for rendering formal the new management model (see table 7).

Table 7: The Reform by Law

• Law 1/2004, 15 January	• Modifies the retirement status
• Law 2/2004, 15 January	• Modifies the services' ruling class status
• Law 3/2004, 15 January	• Public Institutes' framework Law
• Law 4/2004, 15 January	• Renders formal the norms the organisations directed by the State itself have to comply with
• Law 10/2004, 22 March	• Creates the Performance Integrated Evaluation System for the Public Administration
• Law No 23/2004, 22 June	• Passes the Individual Labour Contract Juridical Regime for the Public Administration.

At the same time, it was issued the Resolution of the Ministries Council *(Resolução do Conselho de Ministros)* No 53/2004, 21 April, which sought to materialise the reform while establishing as central matrix of change the management by objectives integrating the appraisal of public institutions and individual performance. It is a document realised by a consulting company on the reform to be developed by the government; however, laws are mere instruments and elements created to lessen difficulties. Insofar the Administration reform is concerned, this approach represents a cornerstone we deem crucial.

This strategy may be represented by the following scheme:
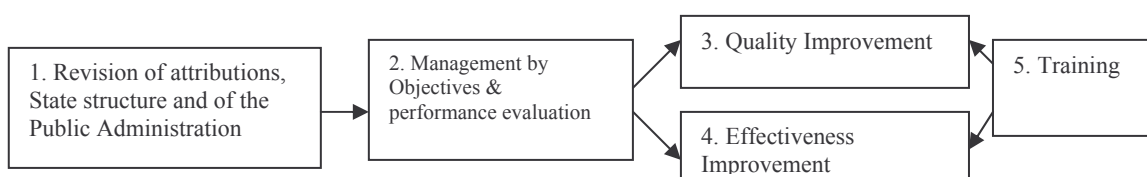
The first phase consists of an engineering operation of the State, and which requires an analysis of the functions for defining the functional profile in the ministries

and organic units; afterwards, it selects the functions to outsource, concentrate or de(centralise). A proposal should be materialised for choosing the best possible model (entrepreneurship, partnerships, outsourcing and privatisation). Once designed the State and Administration reengineering, it follows the application of the management by objectives to public organisms and respective public servants.

Rendering formal the management by objectives was expected to increase productivity and efficiency whereas part of the objectives are designed for cutting down public expenditure.

Another objective envisages to bettering the public services' quality. In this light, organisations need to foster and implement a quality management system.

Lastly, training was implemented as scheme to get the public servants involved in process of change.

Should one consider the reform model as tailored by Ms. Thatcher's and we would consider it a reform well outlined. It sought to decrease the State expenditures, to cut down expenses whilst endeavouring to find sources of income through systematic privatisation. (Hood, 1994). According to the Finance Ministry, responsible for the reform, it consists in privatising the State social functions and to reconstruct it as a neo-liberal State. In this manner, if we analyse in detail the whole process, we may conclude that, between 2002-2005, the State became ever more centralised, it increased control over institutions and it filled ministries up with personnel on the basis of political trust. In this light, the separation between politics and administration tends to fade out (Aucoin, 1990).

After three years in the government, the conservative colligation lost the elections in February, 2005, there following a majority government formed by the socialist party.

The Socialist Government and the Public Administration Reform

The Socialist Party won the elections in February 2005, mostly because it promised to restore the Welfare State and fight back the neo-liberal trend. Nonetheless, the State reform policy appears to be inspired in a model as devised by the conservative parties, notwithstanding the adoption of a less aggressive attitude. Thus, there appeared several mission units for the purpose of diagnosing, drafting measures and enacting legislation. The issuing of the Resolution of the Ministries Council *(Resolução do Conselho de Ministros)* No 124/2005, 4 August, is a good example, and it was enacted for implementing the Administration Restructuring Programme *Programa de Reestruturação da Administração Central do Estado (PRACE)*. Its implementation outcomes are already known and highlight the intention of merging and extinguishing several Central Administration institutes and departments, which may indicate the so-called «mobilidade» (mobility). In fact, it might range from resignation to changing of the working premises for more than 50 % of the existing public servants.

Thirdly, it was appointed a Committee for evaluating the implementation of the Performance Evaluation System, created in 2004, though it has never worked because the system was applied to less than 25% of the public servants, it has not been including the evaluation of public organisms in an integrated way, it has been ignoring the quality component and it has not been articulated with the training programme. It was created a committee for the so-called Revision of the Career System (*Revisão do Sistema de Carreiras*) (Resolution of the Ministries Council *(Resolução do Conselho de Ministros*

No 109/2005, 30 June) envisaging to evaluate the career system, to reduce them progressively, to create the conditionings for the application to the employment system and the individual contract to all public servant, except for those who hold sovereignty positions.

Fourthly, it is sought to pursue efficiency and productivity objectives through the adoption of measures encouraged by the Co-ordination Unity of Administrative Modernisation (*Unidade de Coordenação da Modernização Administrativa)* (Resolution of the Ministries Council *Resolução do Conselho de Ministros* No 90/2005, 13 March). This Committee has recently proposed 333 rules (*Simplex*), pertaining to end bureaucratisation and lessen difficulties regarding all administrative procedures.

It also seeks to decrease the State expenditure through the launching of privatisation programmes and reduce State intervention.

Lastly, it deepens the social security reform intended to diminish pensions and increase the retributive time. It is deemed important to emphasise government's focus on the special bodies regarding medical/health assistance and social security. It is interesting to stress that those special bodies have only outshined in Portugal after 1989, due to the New Public Administration Retributive System (*Novo Sistema Retributivo da Função Pública)*, which renders official the existence of professional groups within the Public Administration (professors, judges, diplomats, physicians, army), who stood up for their interests and appropriate themselves of the State apparatus. According to some people, the Welfare State was constructed to respond to their own interests, the remaining population would not be entitled to any sort of manifest benefits. In addition, these corporations have somehow been hindering back the implementation of the reform. As a matter of fact, these professional groups have been nurturing most of our politicians. In this spirit, a sort of central bloc of interests springs from the above mentioned conditionings thereby materialising any sort of resistance and constraints to change and which does not even represent any sort of news within the Portuguese political system; only its composition has been changing throughout history.

In short, the major concern of the Minister of Finance, hold responsible for conducting the whole reform, relates to quantity: attempt to reduce to the lowest figure possible the number of services and public servants – fewer structures and fewer positions. The government would only focus upon quality in the aftermath of this reengineering phase. Our government believes the sole way to reach a budgetary balance and to defend some of the existing social policies is to reduce their range of application and to increase and strengthen their efficiency.

Will this sort of therapy ever change the nature of the State and the country's administrative culture? This issue requires further analysis as the impact of the reforms is not consolidated as of yet. And yet, there can be traced a few signs which unveil some responses/conclusions.

4. Ongoing Reform: Appraisal

As remarked before, this reform aims at rationalising the public finances. If we compare this objective to reform policies as outlined elsewhere in the 1980's, namely in the UK (Hood, 1994), one is not able to pinpoint substantial differences. However these measures, alone, leave unchanged the State nature and, above all, do not denote any sort of change regarding the bureaucratic performance style and manner.

In this manner, one may ask the following question: Are there changing indicators within the Public Administration? Is it internalising any sort of behaviour which may be seen as an alternative model to those models as applied in the European Southern countries (Sotiropoulos, 2004) and, therefore, save the inefficient Welfare State (Pollit, 2005)? One cannot now evaluate thoroughly and accurately this reform policy's results. Yet, the analysis of the adopted measures, the style of change and the strategy permit us to draw a few conclusions.

Sotiropoulos (2004) features the European Southern countries, group to which Portugal belongs, in the following manner:

- Assisted Capitalism.
- Political clientalism at the top.
- Political clientelism at the bottom.
- Uneven Distribution of Personnel in the Public Sector.
- Legalism and Formalism.
- Lack of an Administrative Elite.

Should we confront the ongoing reform on the above-mentioned indicators basis and we may infer that the relationship between the State and the nation economy have been changing. Thus, privatisations have been diminishing the State direct intervention in the economy, nonetheless its importance is still crucial regarding the allocation of subsidies and incentives. However, one cannot deny that privatising public utilities has been giving origin to overuse (abuse) situations and which the States fails to profile and resolve because the competition agencies are not strong enough to impose decisions. In light of this, we have lower salaries, however, we have higher prices. Finally, the new economic groups make pressure upon the State envisaging to cutting down its weigh and dimension whilst defending a reduction of its sovereignty attributes, due to the fact that they are interested in new businesses' areas, such as health and insurance and in decreasing taxes. This is only possible if they succeed in decreasing expenditure incurred with social policies. The Public Servants (750.000) and the middle class, whom have been benefiting with the Welfare State throughout the last 30 years, shall pay for the crisis.

Secondly, they have been unable to purge the appointment to the ruling elites' positions, which does follow the political trust pattern. Indeed, it was a common policy within several European countries, however there is nothing similar to the Executive Civil Service in Portugal, where the ruling elites should be recruited. The legal framework has been changing whilst seeking to facilitate or hindering back these practices. Regardless the efforts the situation remains very much the same (Rocha, 1998).

Yet, we consider exceptionally awkward the political appointment for autonomous public institutions and public companies. The criterion is political trust as there is no performance and result evaluation. There is an ongoing debate about the origin of these ruling classes. Although there are no accurate figures as the appointment is very discreetly conducted, our analysis sheds light upon informal understanding (agreement) between the central wing parties (PS and PSD) whilst unveiling the fact that there are no significant changes to be reported. It is possible to point out a group of technicians, politically influenced by the so-called central bloc of interests, and who are still holding ruling positions within the governmental services and organisations, although they might change position depending upon the electoral results. It is an elite,

rooted in the centre (Lisbon) considering itself as techno-bureaucratic (Rocha, 1986). Although we believe it is a higher figure, an official census, from 2003, points out about 8.000. The following table does not include the ruling class appointed to autonomous organisms (see Table 8).

Table 8: Public Managers

	Superior Ruling Personnel (Directors-General & Sub directors-General)	Intermediate Directors (Heads of Division & Heads of Service)	Public Institutes Presidents	Mission structures & Working Groups & Commissions	Regulating Authorities	Public Companies Managers	Ministries' Assessors & Personnel
Recruit. & Appoint.	Among BA holders in and out PA. Political Appointment	Special contest amongst career servants	Government appointment (Law No 3, 2004)	Freely appointed by the responsible politician	Statutes with the intervention of the Assembly of the Republic	Predominantly political appointment	Political appointment
Mgt model	Political	Techno-Political	Managerial	Political-Consultive	Managerial	Managerial	Political
Training	*Curso de Alta Direcção* in Public Administration (CADAP)	*Curso de Alta Direcção* in Public Administration (CADAP)	_____	_____	_____	_____	_____
Evaluation	Political evaluation, on the basis of Mission Charter	Political on the basis of the SIADAP	Political	Political on the basis of Project results	Political with limitations	Political	Political

In the addition to two previous groups, one cannot leave out the hosts of Ministries' assessors and advisors, who change according to governments' changes and are predominantly recruited amongst the parties' youths. This is a sort of an apprenticeship envisaging to grant access to higher level positions, such as members of parliament and State secretaries. Therefore, if a party is not in the government for a long time period, it may lead to its weakening because it is the State that nurtures its own elite. There is no available literature on this elite's values and components which the State breeds and transforms into a clientele.

Generally speaking, notwithstanding the fact that there can be pinpointed some influence networks and groups that apparently ascertain to depoliticise the system, they may be considered as personnel predominantly recruited on the basis of political trust (see Table 9). Indeed, they render it ever more opaque and resistant to change.

Table 9: Senior Executives and Public Managers

MINISTRIES	Type of Position							TOTAL
	Riling Class					Managers		
	Director-General	Subdirector - General	Head of Service	Head of Section	Other positions	President	Vice-President	
Republic Presidency	1	1	4	5	0	0	0	11
Republic Assembly	1	2	5	15	0	0	0	23
Council of Ministries Presidency	16	16	47	124	12	6	2	223
Purveyor's Office	1	0	1	3	6	0	0	11
MADRP-Agriculture	22	45	201	449	42	3	6	768
MAI – Home Affairs	17	20	95	151	468	14	1	766
MC – Culture	22	36	90	104	0	0	0	252
MCOTA – Territory and Environment	24	42	183	234	24	3	2	512
MCES – Science and Higher Education	13	16	25	24	0	2	1	81
MDN – National Defense	9	12	32	59	2	1	0	115
ME – Economy	16	30	137	262	0	10	29	484
Med- Education	16	34	59	75	3	3	2	192
MF - Finance	19	110	323	448	85	8	19	1012
MJ – Justice	13	49	109	147	56	2	4	380
MNE -. Foreign Affairs	15	15	53	103	2	1	4	193
MSST – Social Secutrity & Employment	23	29	308	290	988	18	68	1724
MOPTH-OB Public Transportation and Housing	17	23	144	224	125	9	26	568
MS – Health Ministry	20	57	188	195	0	91	136	687
TOTAL	265	537	2004	2912	1813	171	300	8002

Source: DGAP, 2003

Thirdly, entering the public service has been made by means of public competition; on the other hand, the salaries' increase is determined by the evolution upwards in the careers' structure. Yet, rendering formal the individual contract in the Public Administration will most certainly have an effect upon the human resource management sector. Personnel shall be recruited by each organisation and the Central Administration will not interfere in the whole process, except for the financial control. Although it is said to be inefficient, the merit system may end up being replaced by the patronage system. Should we recall that the directorates are politically appointed and that their performance is not evaluated on the results basis, one may easily infer that a

measure, considered important in the New Public Management, may bring about adverse outcomes, contrary to those as excelled by the NPM authors.

The further trait of South European Public Administration is an Uneven distribution of personnel. Although one may highlight different features in southern countries, this problem does also exist in Portugal. Portugal is a rather centralised country and therefore personnel, principally the ruling elites, is positioned in Lisbon. Besides, it is commonly said that Portugal is Lisbon and the remaining country is territory/province. Things have not changed much; on the contrary, the centralisation model seems to tighten after entering the E.U. because the State accumulated along with its traditional functions the distribution of the EU funds.

It is worth mentioning, Portugal, as well as the other Southern European countries, is a legalist and formalist country. Change is accomplished via the enforcement of the law. Nonetheless, the current reform has changed this traditional strategy. The reform process was started through the deeds of the Resolutions of the Ministries Council, *Resoluções do Conselho de Ministros*, who gathered together expertise committees for diagnosing and tailoring solutions and legislative measures envisaging to implement the reforms. The strategy as recently designed does no longer identifies the law with the reform. It is rather an instrument for rendering operational the reform. Should we pertain to understand the reforms, and we do no longer have to study the law but rather to analyse its results and impact. However, this does not mean that the legalist and formalist spirit does not seek to set boundaries for restraining the reform range on the basis of the interpretation of the law, as this cultural dimension does not change over night. And yet, it outshines the fact that fifty percent of the General Directors holds a degree in Law instead of in Economics, Public Administration or Business Management.

Finally, and as stated before, the State lacks an administrative elite gathered together on basis of the know-how and adequate training in Administration and public policies criteria. In addition, Portugal does not have anything similar to the Executive Civil Service.

The most recent governments have attempted to resolve the lack of training by tailoring and offering post-graduation programmes intended to endow applicants with competencies and skills. These programmes were taught by the Public Administration Ruling elite at the Instituto Nacional de Administração (INA), a government organism. The socialist government has also involved the universities in this institute for the purpose of teaching activities; however, strict criteria and principles laid upon by the government should be rendered formal.

Conclusion

Ever since its foundation as a nation (Century XII), Portugal has been a most homogenous country, highly centralised where the public administration lengthened the power of the King and therefore there was not an effective distinction between the public and private sectors.

The Liberal Revolution (1822) did not change much the above model/matrix. The New State (1926-1974) rationalised the public administration, formally drawing near the Weberian model. In fact, it was a dictatorial system while the political power

matched bureaucracy. It was a true Administrative State, where, despite the juridical formalism, reigned the so-called clientelism and political trust.

The Carnation Revolution in April, 1974, launched the building up of the Welfare State, which increased expenditure and the public servants' figures; and, although the debureaucratisation compaign started in 1986, the State did maintain most of the of the Public Administration traditional characteristics, that is, clientelism, formalism and legalism.

The ongoing reform, started as of 2003, sought to resolve the budgetary imbalance problem and straightening (purging) the public finance related sector. The issue is to determine as to whether the administrative culture as defined by Sotiropoulos (2004) is still feasible, or if we are tackling with a change of paradigm, inspired in the New Public Management, as preconised by Hood (1991).

There is no available data which permit us to draw an accurate and consistent conclusion. However, an attempt to lessen the role of the State might signify a mere change of the current elites. In the Welfare State the Public Servants and mainly the special bodies, along with the middle class, consumed most of the public revenue; presently, major groups control for the economy while party-clientelism masters the State apparatus. Despite of its framing a reduced dimension, it is easily controlled for due to the labour laws flexibility, progressive disappearance of careers and the lack of evaluation and the patronage liberalisation.

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