

Countries in Transition: Creation and Recreation of Institutions and Capacities

In the last ten years we have been witnessing a fundamental global process of politico-economic change. This may be the largest such process in the lifetime of the present generation. This process is the transition from socialism to post-socialism.

The transition concerns a group of countries inhabited by one third of the world's population. The transition has progressed at different speeds in different countries. There are still countries where the theme has hardly been taken up, such as Cuba let alone North Korea. The transitions also have a profound impact upon many other countries than the transitional countries themselves, and not least Finland.

THREE AND HALF GLOBAL MODELS OF TRANSITION

In a recent publication, the World Bank divides the world's transitional countries roughly into three groups. China and Vietnam make a group of their own. There, for a decade of more, very rapid economic growth and export growth figures have been continuously reported. However, the communist one-party political systems have remained basically intact.

Another transitional group consists of twelve of the countries in the region that used to make up the Soviet Union. There, productivity figures and GDP per capita figures may not have yet been restored even to the pre-transition levels. Rapid redistribution of wealth has taken place, but also in questionable ways. These countries are at various stages of privatising the economy from land ownership to industrial corporations, and of streamlining research, higher education and public administration to meet the contemporary demands. Politically, stabilisation let alone democracy as we know it has been hardly reached in these countries.

A third group is made up of transitional countries in Central and Eastern Europe outside the bounds of the above group. The transition seems to have progressed relatively well in Poland, Hungary, the Czech Republic, Slovenia, and Estonia. The German Democratic Republic was a special case in its being absorbed by the Bundesrepublik. The other transitional countries of the third group are not doing so well, due to the aftermath of the civil war in parts of the ex-Yugoslavia.

THE NEW ADMINISTRATIVE AND POLITICAL PROBLEMS OF TRANSITION

It has been justifiably claimed that transitions must and will stop at some point. Hungary, Poland, the Czech Republic and Slovenia have a shorter way to go than Albania or Uzbekistan, let alone Cuba and North Korea. However, even the Germans have estimated that the full transition of the former GDR will take a further 15–20 years.

Transition is an open-ended process. There is no single blueprint for any final end state to a transitional process. Even with political democracy and material welfare held constant, different transitional countries may well end up with different post-transition states of affairs.

An American friend of mine frequently travels to Shanghai, China, to lecture on law there. To his bewilderment, the students typically have not been interested in the rule of law, let alone in the coherence of the legal system, but they want to learn the quick fix to get rich. Despite the wishes of those students, systemic considerations regarding institutions remain necessary in the transitional countries.

Adam Smith has been put to many uses. Let us follow suit. Smith has also relevance in pointing out dangers of the careless design of institutions in market liberalism:

"(C)ivil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all."

At the beginning of the transitions, principles of market economy were introduced wide and deep in the transitional countries. Consumer goods became extensively available – for those who could afford them. Private banks mushroomed – many of them only to fail at a high cost to the public purse. The citizens' initial enthusiasm became to flounder, as wealth continued to concentrate in the hands of the few; salaries did not keep pace with the rising prices; and the public services declined, in many countries drastically. Last but not least, institutions have proved to be ill-prepared to boost, support and guide the transitions.

It is not enough to introduce market economy and allow the private profit motive a free hand. Institutions are needed to ensure that the rules of the markets are not infringed and that formal legal power based upon ownership does not lead to repression of the have-nots and to concentration of power as a consequence of concentration of property. There is also a call for a maximally untouchable civil service, and for the necessary human resource capacities to be in place and adequately nurtured.

SENDING FINNISH ADMINISTRATIVE AND POLITICAL SCIENTISTS INTO THE TRANSITIONAL FIELD

The first stage of many of the transitions was a challenge to experts in international financing, macroeconomics, fiscal systems, and privatisation. The present stage has come to call for new types of expertise to supplement those already provided. The latter involve knowledge and competencies that are in ample supply among administrative and political scientists. These are knowledge and competencies in institutional and capacity development, including the formulation, management and evaluation of public policies; ways to nurture human resources; ways to restructure institutions of public administration into a desirable form; and ways to provide for the committed democratic participation of national and local citizens and the employees. For us administrative and political scientists to be useful in meeting these challenges as experts in cooperation projects, we must be able to convert sufficiently our knowledge and competencies.

There is a huge field so far inadequately covered by the attention of Finland's over 50 professors and associate professors in the political and administrative sciences and the other faculty and staff of 150–200. This field is nowadays increasingly known by such acronyms as EU-Tacis, EU-Phare and EU-Tempus, and under various names given by bilateral cooperation partners operating in the transitional countries. Finland's geographic destiny arising from her Baltic location next to the Russian Federation calls for our administrative and political scientists' participation in developing ministries and other organisations of central governments in the transitional countries; regional and local governments in those countries; public enterprises; and various sectorial administrations from educa-

tion to health care, the social services and various information and communication services.

It is not enough for the Finnish universities to continue to establish new, separate units to meet the above challenges if they fail to provide their permanent faculty and staff with the valuable field experiences of actual project participation. To deprive the faculty and staff of participation opportunities threatens them with marginalisation and de-skilling. The above new units should also act as interfaces between various donors on the one hand, and on the other the faculty and staff members. The units should not recruit only extra-mural experts in competition with other consulting businesses on the market. The knowledge and competencies that are not yet in place among the faculty and staff need to be nurtured, from Russian and other relevant local languages to project planning, management and evaluation, team work, consulting skills, participation in international project networks and consortia, and timely reporting according agreed schedules.

EASTERN GERMANY THROUGH HUNGARY AND UKRAINE TO VIETNAM: COVERAGE OF THE SPECIAL ISSUE

This special issue provides some coverage of all the three transitional regions of the world. Some of the contributions are articles, some are reviews, and one is a book review.

There is one article on transitions in Germany, involving the absorption of the former GDR into the Bundesrepublik. Changes also concern people, and elite circulation is one of the results of transitions. It goes without saying that top political leadership changes, but the staffing of public manager and administrator positions may also change considerably.

The contribution on Hungary addresses another aspect of the transitions. To have more to eat than what the country's itself produces, countries must engage in international trade. To do this, there must be commodities to export. To improve upon this, very many countries try to engage in high technology production. This is what the Hungarian story is about.

Lithuania is a particularly interesting country in that it is a gateway between core Central Europe, the Baltic countries to the north to it, and the Russian Federation. It is the poorest of the three Baltic countries although it has a remarkable development potential. This motivates the inclusion of two contributions on Lithuania: one in the field of human resource management, and the other on local government and its developments.

Another article takes a look at Latvia. The reader is advised to take that contribution also from the point of view of comparing developments with other countries, and not least Lithuania. Estonia is not included, but this can be seen in a certain sense to be compensated by the very close relationships between that country and Finland.

There are altogether three contributions on the countries of the Commonwealth of Independent States. Two articles discuss Ukraine or revolve around related matters. Public sector development and human capacity development are the key themes there. Industrial organisation and management in Russia are the theme of another article.

The special issue lacks coverage of China. Vietnam is represented through a book review. Appropriately, the review concerns a book in which the traditional juxtaposition between the forces of the "yin" and the "yang" is applied heuristically to develop the narrative. We can conclude by paraphrasing *Rudyard Kipling* and asking, if it is still true that "East is east and west is west, and never the twain shall meet."

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