Parliamentary Assembly
Assemblée parlementaire
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Resolution 2008 (2014)[1]
Final version

Europe's public administrations in flux: public service under threat?

Parliamentary Assembly

1. In most Council of Europe member States, very substantial public administration reforms were recently introduced with serious effects on the organisation, size and quality of public administration and public services. Large parts of the public sector were privatised, public tasks were outsourced and agencies were created to deliver public services outside the control of the State. New public management methods introduced markets, managers and measurement of performance into public services to achieve greater cost efficiency for governments.

2. Since the outbreak of the financial crisis in 2008, severe austerity measures have put public administrations, public services and social cohesion under ever more pressure and have led to a new wave of reforms in administration and cuts in public administration and services, new privatisations and "agencification" of large parts of public services. Governments are appealing to private capital to continue to deliver and finance some public services. Privatisation and deregulation policies have been enacted in most European States in order to stimulate the market and to bring additional assets to State budgets.

3. In central and eastern Europe, transformation of a State-led economy into a market-oriented economy went along with massive and accelerated privatisation, which has provided governments with much needed revenues. However, it also led to the introduction of private ownership in situations where other crucial aspects of the business environment were not yet sufficiently developed to support the private economy, and it also proved to be a source of massive corruption.

4. Several member States of the European Union recently signed memoranda of understanding with the European Commission as a condition for loans to privatise parts of the public sector and assets. Restructuring plans of the European Commission, the European Central Bank (ECB) and the International Monetary Fund (IMF) in eurozone countries always include a commitment to privatise public property.

5. Some of these reforms, based on new public management ideas, have been successful and have been adopted in many Council of Europe member States. One can observe an improvement in the quality of services due to greater competition among service providers, to smaller and easier-to-steer central governments resulting from a separation of policy execution from policy development, and to improved transparency owing to the reclassification of the budget on the basis of output areas.

6. However, at the same time, other reforms have led to undesired effects, including:

6.1. cuts in the public sector;

6.2. growth of support services and administrative executive agencies;

6.3. accumulation of public funds in agencies outside the control of the government and loss of government control of service delivery;

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1. *Assembly debate* on 26 June 2014 (26th Sitting) (see Doc. 13529, report of the Committee on Rules of Procedure, Immunities and Institutional Affairs, rapporteur: Mr Tiny Kox). *Text adopted by the Assembly* on 26 June 2014 (26th Sitting).
See also Recommendation 2050 (2014).

6.4. problems in the implementation of policies, due to the separation of policy execution and policy development;

6.5. higher costs; reduction in the quality of services for citizens and businesses in many areas; lower consumer satisfaction and confidence;

6.6. lack of motivation of employees in service delivery;

6.7. increased public debt levels; sales of assets lower than expected.

7. Many governments today see themselves confronted with a highly fragmented public sector and with a substantial lack of co-ordination and co-operation. The combined effects of reforms, privatisation and new austerity measures in the public sector may have contributed to a loss of the people's trust in governments throughout Europe.

8. A new series of adjustments in the public sector throughout Europe has been implemented, based on labour force reductions, wage cuts and cuts in training of public sector personnel, which have negatively influenced public sector performance. Social dialogue on public administration reform and collective bargaining has come under heavy pressure. Public sector practices are now converging with those in the private sector: job security, pay and working conditions in Europe's public sector have deteriorated substantially. Uniform wage cuts in the public sector have increased overall inequality as they hit lower scales harder. The phenomenon of a "public sector working poor" is emerging throughout Europe. This development is also leading to an increased turnover of public sector employees. Women are harder hit by public sector adjustments, as they represent a major part of public sector employees.

9. According to the Council of Europe Commissioner for Human Rights, this new political reality presents a threat to over six decades of social solidarity and expanding human rights protection across Council of Europe member States. Public social spending – especially in education, health care, social protection schemes and social benefits – has in fact been the primary target of austerity measures in many member States. In times of crisis, social, economic and other human rights – the right to work, rights at work, social protection, pensions, housing, food, water, education and health care – are put under great strain.

10. The Assembly, recalling its Recommendation 1617 (2003) on civil service reform in Europe, in which, in view of the unique role and contribution of public administrations to social cohesion and employment, it encouraged member States to consider carefully all possible consequences before introducing new, private sector-oriented management methods:

10.1. expresses its concern that recent public administration reforms in member States might nevertheless have been guided to too great an extent by managerial and budget criteria with a negative effect on the functioning of public administration, the quality of public services and the trust of citizens in public administration and the functioning of democracy;

10.2. emphasises that public interest cannot simply be defined by the need to make savings and has to include the proper functioning of society;

10.3. reaffirms that a high-quality civil service is a vital precondition for strong democracy and the rule of law and that therefore member States have to place the interests of their citizens and Europe's common values at the heart of any future administrative reform;

10.4. reaffirms that States and their administrations have a leading role in ensuring the welfare of all members of society, minimising disparities and avoiding polarisation, in accordance with the Council of Europe's definition of social cohesion;

10.5. considers that, in times of economic and budgetary crisis, governments have the obligation to respect, protect and fulfil economic, social and cultural rights, in order to avoid further erosion and retrogression of these rights and disproportionate impacts of austerity measures on particular sectors of the population;

10.6. strongly supports the recommendations of the Commissioner for Human Rights on how to safeguard social, economic and other basic rights in times of crisis.

11. Moreover, the Assembly asks the parliaments of the Council of Europe member States to:

11.1. properly evaluate reform measures taken in the field of public administration and public service and learn from the experiences of other parliaments;

11.2. develop well-defined structures to achieve more clarity about the different forms of policy execution, both public and private;

11.3. put in place a clear and consistent decision-making framework and benchmarks with regard to privatisation and “agencification” and make supervision of these the responsibility of government and parliament; and standardise and clarify how decisions about privatisation and “agencification” should be implemented;

11.4. reconsider whether recent or expected reform measures, privatisations and “agencifications” are in line with the political concept of social cohesion, which is essential for the fulfilment of the three core values of the Council of Europe: human rights, democracy and the rule of law;

11.5. improve – when and where needed – the functioning of public administration and public services so that they make an effective contribution to the achievement of the Council of Europe’s core values;

11.6. promote the ratification and proper implementation of the European and international human rights instruments in the field of economic and social rights, in particular the International Covenant on Economic, Social and Cultural Rights, the European Social Charter (revised) (ETS No. 163), the European Code of Social Security (revised) (ETS No. 139) and conventions of the International Labour Organization (ILO).