

Book Reviews

Jon Elster, Claus Offe and Ulrich K. Preuss (eds) (1998), *Institutional Design in Post-Communist Societies: Rebuilding the Ship at Sea*, Cambridge: Cambridge University Press, 1998, pp. vii + 350, ISBN 0-521-47386-1.

After ten years of democratization in Central and Eastern Europe the first theoretical overviews of systemic change have been published and among them, this volume is a very remarkable one. Its conceptual framework and generalizations, written with an institutional approach, have already had a considerable impact on the relevant literature and will certainly provoke further discussions. This book also provides a good occasion for us to raise critically some basic issues about democratization which have been widely discussed in the international political science literature.

First, there has been a general uncertainty in “transitology” concerning the borders and the names of the regions concerned. The common wisdom about a homogeneous Eastern Europe with similar post-communist countries has been largely eroded but some chaos still remains in the terminology. This book to a great extent reflects this general uncertainty. The authors use three terms, Eastern Europe (EE), Central and Eastern Europe (CEE) and East Central Europe (ECE), and in many cases it is unclear which group of countries should be associated with each of these terms. This kind of uncertainty always creates trouble, but it is compounded in a comparative volume with a high level of generalization. The authors of this book tend to widen the ECE region by also including some Balkan countries, even though the divergencies by the 1990s, have become bigger than ever before. This tendency threatens to create an inappropriate conceptual framework which can lead to overextended generalizations.

The volume covers four countries directly and the whole CEE area indirectly. The selection of the four countries – Bulgaria, the Czech Republic, Hungary and Slovakia – is rather unfortunate, first of all with respect to the absence of Poland and the presence of Bulgaria. The authors, of course, cannot avoid discussing Poland, since Poland matters and the entire transition process began in Poland. Thus Poland is widely discussed but is theoretically marginalized – often mentioned but never systematically elaborated. For instance, there is a recurring reference to “Polish exceptionalism” but without a proper explanation and argumentation. At the same time, the phenomenon that I call “Bulgarian exceptionalism”, with its relatively peaceful transition and unique parliamentary system in the Balkans, has no theoretical explanation either. Bulgaria has been simply treated like the other three ECE countries with respect to its formal-legal constitutional features. Thus, the reader is left with the enigma that if Bulgaria’s formal-legal structures have been so similar to those of the ECE countries, then why has the current

Bulgarian political and socio-economic history been so different from that of the ECE countries?

The strength of the book is its sophisticated description and theoretization of constitutional policies. This analysis goes much beyond the evaluation of the constitution-making process or the constitutions themselves. It treats the whole process from the angle of implementation as real constitutional polities by establishing democratic institutions based on the rule of law or on a law-governed state. This broader approach is very appropriate, since in many countries, as the authors argue, there are constitutions but no constitutionalism. This fact may be directly applied to most Balkan states, and also to Slovakia and Croatia, where the democratic constitutions have remained on paper so far. The rule of law system has to be extended beyond the state to a broader framework of constitutional society, including freedom of the media, civil society and the institutionalized economy. This broad analysis leads to the problem of the relationship between democracy in its narrow sense as regularly elected governments with their short term legitimacy and constitutionalism as the system of long term basic rules and principles, usually represented by the Constitutional Court.

Finally, as far as the general assessment of democratization and its prospects are concerned, the authors have revised their former concept considerably. As they themselves admit, in the early 1990s they were rather pessimistic about the future of the EEC democracies because of “simultaneity”, that is the dual task of establishing a free market and a democratic order at the same time. Now they are still too cautious in their assessment of the success of Hungary, the Czech Republic and Poland. They do accept, however, that the pessimistic prediction of the unavoidable breakdown of democracy in ECE under the burden of economic transition costs and resulting populist movements, has not materialized. Moreover, the authors now see that simultaneity generates not only negative, but also positive feedback between the political and economic processes. The simultaneity thesis was criticized in many circles in the early 1990s; however, it contributed significantly to the emergence of the analytical model of the “Triple Transition” with its parallel description of market economy, democratic polity and nation-building, and their mutual interactions. This book provides a good systematic overview of the institutional order in the ECE countries and represents a thought-provoking volume on essential topics of democratization.

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Helen Margretts, *Information Technology in Government: Britain and America*. London: LSE/Routledge Research on Information Technology and Society: Routledge, 1999, 208 pages, ISBN 0-415-17482-1 (hdbk.)

The promise of information technology to transform government was a balloon that needed popping and Helen Margretts has done just that in this book. She argues that ‘administrative reform seems to have influenced government information technology more than information technology has influenced administrative reform.’ The shift to ‘government by contracting out’ or, more accurately, the complex of changes in ways of doing public policy known as New Public Management, emerges as the real motor of change. In the fifties

and sixties, 'many governmental agencies were using information technology to the maximum capabilities known in either private or public sector.' Expenditure on information technology grew steadily throughout the 1970s and 1980s in both countries. In 1993, which is the last year for which a separate budget line appears, IT accounted for 6 per cent of the US federal budget operating expenditure. A comparable 1995 figure for the UK is 11 per cent of government department running costs, that is, the budget excluding transfer payments. Variation across departments and agencies is significant: in 1993 the Education Department in the US appeared to spend almost nothing on IT, while US Treasury spent about a fifth of its operating budget. In the UK in 1995, IT as a percentage of running costs ranged from 4 per cent at the Treasury to 19 per cent at the Home Office. The Treasury in the UK and the Office of Management and Budget in the US never managed to impose any strict regulation on IT expenditure: the trend in the 1980s was towards devolvement of authority. The result in the 1990s is that the pattern of expenditure on information technology is path dependent in individual departments and agencies.

The book offers four separate case studies, on the UK side the Benefits Agency and the Inland Revenue, and in the US the Social Security Administration and the Internal Revenue Service. The author has thoroughly sifted reports of government auditors, Parliamentary and Congressional committees, and the US Office of Technology Assessment. She handles these materials skilfully and peppers her account with well-chosen quotes from public servants and former public servants whom she has interviewed. The core of each case study is a detailed examination of a major computing project. The British Department of Social Security began planning an Operational Strategy for computing in 1977. Best laid plans gang aft agley, and the Department was not helped by a reform of the benefits systems in 1985. By 1987, the Strategy had become a 'rush job': targets were met and terminals were installed, but in the process important elements of the original design were lost, and the new computer systems reinforced existing organisational barriers between the administrators responsible for different benefits. The US Social Security Administration was a pioneer of computing in the 1960s. Brusque legislative changes in the 1970s threw it off course, and in the 1980s it moved ponderously to implement a Systems Modernization Project, resisting external demands for revolutionary change, and eventually breaking away from its own master plan in order to concentrate on incremental changes. In 1986, the US Internal Revenue Service began a Tax Systems Modernization programme, which 'rapidly evolved into an ever-shifting series of projects, with continual renaming, consolidating and splitting of project plans.' Ten years later, Congress and oversight agencies were losing patience. The only agency to emerge with any glory from these accounts is the UK Inland Revenue, which implemented a technically modest computerisation of its Pay As You Earn tax system between 1980 and 1986. The Inland Revenue, together with its principal contractor International Computers Limited (ICL), 'appeared successful in creating a delicate balance between technical and business expertise during the . . . project, employing collaborative teams of consultants, users and skilled information technology staff.' In the 1990s, the Inland Revenue first centralised its information technology functions in one division,

then converted that division into a Next Steps Agency, and finally privatised the Agency by means of a contract with Electronic Data Systems (EDS), under the terms of which 2,000 Agency staff transferred to EDS. Less deftly and at considerably greater cost, the other three government departments featured in this book have gone down the same road.

The various public service pathologies described here will bring a wry smile to the face of anyone who has worked with a large bureaucracy. However, the thrust of the argument is that New Public Management is not the answer to IT headaches, because it is 'at least as much contradicted as it is supported by information technology developments in government in practice.' Having centralised the IT function in order to contract out, government organisations have become more distinct from private sector companies rather than less. Staff at the business end of a government organisation who seek to implement a change in policy now have to deal with their contract management divisions, who in turn deal with the private supplier of IT services. The relationship with the supplier at this level of the organisation is typically 'lost trust,' and contract management divisions tend to see their role as ensuring that the contract is implemented to the letter. Consequently, the implementers of policy do not experience gains in policy flexibility and management discretion. The tendency for government contracts to increase in size means that only the biggest companies may compete for tender. In the US, a regulatory system which allowed unsuccessful companies to appeal, leading to a lengthy legal process, encouraged departments to bundle up various IT projects into bigger and bigger contracts, and even to pay certain companies not to appeal. The Cohen Act of 1996 reformed requirements for governmental acquisitions of IT, introducing modular contracting as an alternative to huge single contracts. Nevertheless, businesses encourage departments to think in terms of long-term partnerships rather than one-off jobs. In this environment, there has been a tendency for information technology procurement to become less competitive. Although information technology enhances possibilities for measuring performance standards, it is difficult to measure the output of an IT project. Businesses recognize that IT projects may not deliver any cost savings, and so they tend to think in terms of the opportunity cost of not 'informatizing.' Lacking a benchmark for evaluating opportunity cost, government departments emphasize the savings criterion, by which they frequently fail.

A few instances of bad proof-reading are only a slight blemish on the author's achievement. We are told, for example, that in 1994 the US Social Security Administration distributed \$265,000 million to 45,000 beneficiaries (that's about \$6 million each), and the UK Benefits Agency distributed £32,400 million to 15,140 beneficiaries (about £2 million each).

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John Creighton Campbell and Naoki Ikegami, *The Art of Balance in Health Policy: Maintaining Japan's Low-Cost, Egalitarian System*, Cambridge University Press, Cambridge xl +227, 1998. ISBN 0-521-57122-7

Charles F. Andrain, *Public Health Policies and Social Inequality*, New York University Press, New York, xll +292, 1998. ISBN 0-8147-0676-2

The Japanese are a perverse lot. Their health care system looks, in many ways, a recipe for disaster. Much of their care is provided by single-handed physicians in the community; many of their hospitals are small, under-capitalised institutions run by these same physicians. Modern technology, like scanners, is allowed to run riot. The item-of-service system of remuneration seems designed to promote activity and spending. Lengths of stay in hospital tend to be protracted; consultations with doctors are more frequent than in any other advanced industrialised country; the appetite for pharmaceuticals is huge. Remarkably little information is collected about the activities of doctors or the operation of the system. The notion of medical accountability, and evidence-based medicine, seems to be largely alien.

Yet, all this said, the Japanese have one of the best health records in the world, whether measured by life expectancy or infant mortality. Their record is better than that of the United States (which spends roughly twice the proportion of GDP on health care) or that of the United Kingdom (which, like Japan, is near the bottom of the international spending league table). Their system combines universal coverage and egalitarian access. So, despite all the apparently perverse incentives and features of their system – by the standards of the Anglophone countries at any rate – the Japanese seem to have made a success of their health care policies. Investigating this phenomenon, Campbell and Ikegami ask two questions. First, how can it be explained? Second, what lessons can the United States draw from the Japanese experience? In addressing these questions, they provide a useful and interesting analysis of the Japanese system but also underline some of the conceptual and other problems that afflict comparative studies.

To start, what is it that needs to be explained? Is it the outstanding health record of the Japanese people? Or is it the ability of health care to provide a low cost, universal system? Different issues are involved. We know that health care systems, as distinct from social and economic factors, have little impact on the population's health as conventionally measured by mortality rates – but lack the data to assess their impact on morbidity and their success in enabling people to function normally as they age. So, for example, this study does not tell us whether the fact that the Japanese operating rate is a third of that in the United States makes any difference in terms of the kind of procedures (joint replacements; cataract surgery) which make a great deal of difference to people's lives but do not show up in the mortality statistics. In trying to explain the ability of the Japanese to deliver a low-cost service, we therefore do not know to what extent this is achieved, as in Britain, by rationing. Certainly, there is rationing by time: the Japanese are expected to wait a long time before being seen by a doctor for a very short time. And Campbell and Ikegami further suggest that there is a serious quality problem, with many hospitals being under-staffed and run-down. Not surprisingly the Japanese population seems to be increasingly dissatisfied with the services provided. However the absence of population-based data – which presumably is not collected in Japan (in itself a significant point which deserves further exploration) – means that many conclusions have to be tentative: for example, we do not know – on the evidence presented here – whether the egalitarian design of the Japanese system translates into an egalitarian use of services.

In explaining the ability of the Japanese system to contain cost escalation,

the key seems to be a mix of national culture and national institutions. Despite a plurality of both providers and insurers – both public and private – a national fee schedule is determined centrally and can be manipulated to reward low cost activities and to discourage high cost activities. In this, the Japanese version of corporatism seems to play a crucial role: effectively, government is dealing with a single body, the powerful Japanese Medical Association. Further, unspoken but well established rules shape the negotiations: for example, the aim seems to be to maintain the existing distribution of medical incomes thereby ensuring that there will be no great winners or losers. But if this is indeed the explanation, then it imposes rather severe limits on the ability of this study to generate useful lessons for the United States. The moral to be drawn is surely that different institutional arrangements open up or close different policy options, and that given the institutional differences between the two countries there is very little that the US can learn from Japan, except perhaps that good policy making does not depend on multiplying research expertise and collecting ever more data... Indeed there is something rather strained about the whole attempt to concentrate on the US–Japan comparison, rather than using a wider lens to encompass other systems. This seems to reflect more the bias of available funding for research than the logic of comparative studies.

If the Campbell-Ikegami study shows the perils of a two-country comparison – without any conceptual justification of why those two countries have been chosen – Charles Andrain's book underlines the pitfalls of adopting a more ambitious strategy. The strategy here is two-fold. It is, first, to test out the usefulness of competing theories when trying to account for health care policy in varying welfare regimes (entrepreneurial, corporatist and social democratic). None it turns out – to no one's surprise perhaps – is wholly satisfactory. Second, it is to evaluate the effectiveness of different health care systems.

Achievement falls short of ambition. Despite the extraordinary width of Andrain's reading, confidence in his argument is undermined by irritating, minor mistakes when dealing with specific countries (and doubt is further reinforced by the fact that each footnote may cite a dozen or more papers or books so that it is impossible to allocate responsibility for a particular statement or claim to a specific source). And the evaluation of health services is, as he himself concludes, bedevilled by precisely the kind of problems encountered in the Japanese study: the difficulty of sorting out the contribution of health care systems from that of the many other social and economic factors that affect a population's health and where the lines of causation are ill-understood. For example, Andrain is inclined to accept the argument that inequalities in work status, as well as in income distribution, affect health, but this is very much an area where the war of conflicting evidence and interpretation continues.

In their different ways, both studies therefore illustrate some of the problems of comparative studies. Andrain certainly deserves a medal for academic risk-taking: his synoptic view is the equivalent of exploring the North Pole in tropical gear. But the outcome suggests that single-handed exploration is most likely to succeed if the scope is limited, even though this may allow less opportunity for generalisation. In contrast, single country studies, like that

of Japan, can in themselves be rewarding. But their usefulness will largely depend on conceptual clarity about why the experience of a particular country is being explored and in what respects it is similar to or different from other countries: in accurately “placing” the case study. Failing such clarity, even highly informative books like that of Campbell and Ikegami, will deliver less than they promise.

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