

Public Administration's Decisions in Context of Social Responsibility

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Abstract. The paper deals with the analysis of the public policies and public administrations under the impact of the latest political and economic events in European Union. The analysis puts into discussion the connection between the process of defining and implementing public policies, global evolution and socio-economic stress. The balance between supranational and national administrations' decisions has to be supported by social responsibility both at supranational and national levels. A first intermediate conclusion of the analysis is that the political independence of the national administrations aims to disappear. It is replaced by an increase dependence of the national administrations on supranational ones. The same analysis pointed out two types and four levels of public policies. The actual situation regarding supranational and national administrations in the process of adopting and implementing public policies is analyzed using two case studies: Grexit and Brexit. Both studies point out the disparities between each national economy and EU average and the different approaches of the national and supranational administrations towards leaving EU. The main conclusion of the paper is that related to the necessity of a new approach for public administrations' role and public policies.

Keywords: Socio-economic and political stress; social responsibility; supranational administrations; Grexit; Brexit.

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1. Introduction

The European Union faces to new powerful challenges. From the economic point of view, the potential Grexit and practical Brexit will have major impact on the European future development. From the political and social points of view, the emigrants' crisis is far away of solving. Moreover, the new events in Ukraine, Russia, Syria and Turkey are very important from the strategic point of view.

As a result, the European Union was forced to adopt various political, social, economic and military decisions which were not always able to obtain unanimity from the Member States. On the other hand, the central, regional and local public administrations from each Member State had to find the best way to implement these policies. It was for the first time when the Member States were divided according to their national interests.

Major national politic decisions were followed by public policies able to support them. Even the idea of public policy became object of a new approach.

Many specialists from public administrations asked for a new definition for public policies which to be larger than all ways, instruments and approaches used by state in order to achieve major social goals. In a very dynamic global society, under a major economic crisis, the public policies have to be realized only under efficiency's parameters.

This is why the triplex resources-social problems-global evolution approach leads to an inadequate approach for the public administration's decisions. A new element, the economic and social stress becomes important and influences directly the administration's decision making process (see Figure 1).

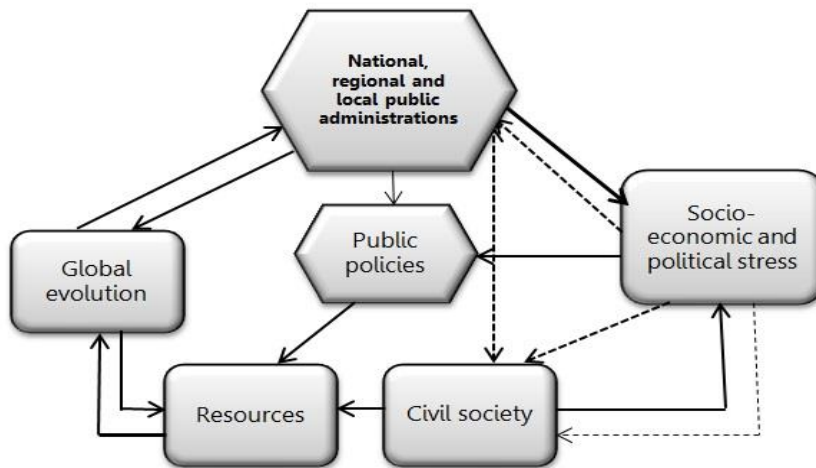


Figure 1. The impact of socioeconomic stress on public administration's policies

According to Figure 1, there are two - way connections which quantify the public administration's decision making process. The national, regional and local public administrations use the public policies in order to manage the resources in accordance to the civil society's interests. The same resources are used in accordance to their importance for the civil society. The resources allocation process is disturbed by the socio-economic stress, which represents unexpected events able to change or to destroy the society's equilibrium.

The political decision has to be in accordance to the global evolution, as well. The latest global economic crisis led to new global equilibrium which is fragile. The regional organizations as the European Union had to find measures and policies able to counter the economic default and to sustain welfare of the European citizens. Often, the public administrations from the Member States were not able to find the best solutions for implementing the supranational policies. Moreover, the same public administrations refused to implement some unpopular political measures.

In this context, the public policies were coupled to the social responsibility. This responsibility led to the need of a new approach for the public administration's manner of working.

2. Related Work

It is not unusual that the public policies represent a research area of huge interest. This is why the dedicated researches were focused on different domains.

Some specialists focused on the public policies' instruments in context of the sustainable development (Brie et al, 2013). The book analyses the differences between Central and Eastern European Member States in connection to the European public policies' impact. The analysis is divided into four areas: the economic, geopolitical and environmental impacts of European public policy; instruments and models of implementation; family, feminism and empowerment; leadership and behavior in public space.

Other researches cover specific areas which are influenced by the public administration's political decisions. One of these quantifies the public policy effects on the quality of public health care (Fonseca et al, 2015). The analysis starts from the hospital patients' views on service quality which are quantified using latent segment models (LSM). The research area covered hospitals from Portugal and led to the conclusion of improving public policies in order to obtain better performance.

The connection between public policies and economic risk is analyzed in the context of the public preference for different types of policies (Zhu & Lipsmeyer, 2015). Basically, the research is focused on demonstrating how policies alter individuals' preferences towards privatization. Specifically, the authors realize a link between the risk of unemployment and people's preferences for government healthcare. As a result, the public administration's policy for healthcare privatization may be implemented only when the unemployment rate is low.

An interesting approach is that related to international public administrations and their influence on national public administrations' political decisions (Knill & Bauer, 2016). This approach is as new as unanalyzed before. For the beginning, the researchers study the policies scope and the policies type and try to provide the differences between the various aims and levels of potential international public administrations influence.

In the same area, the multilevel governance based on multilevel administration in Europe is explained in accordance to the present international context (Benz, Corcaci & Doser, 2016). The authors analyze the political decision-making process across the territorial levels of government. The research is focused on European

Union and on the multilevel relations between the administrations of the European Union and its Member States. The basic idea is that the connections between European Union and Member States are not only directly. They started from the EU administrative level, continue to national and regional levels and finish to local administration level, as well. On the other hand, the multilevel governance and public administration the European Union has to account of the international context.

Blockmans and Emerson study the present and potential effects of the recent Brexit (Blockmans & Emerson, 2016). These effects are analyzed separately for UK and European Union. According to the authors, the Brexit's effects on UK are: reduced EU market access; damage to trade ties; economic risks; possible political instability; and possibility of reducing the UK's global influence. On the other hand, Brexit can generate new generation of nationalist leaders in the European Union; changes for the euro currency system, the EU's budget and liberalization, the nexus of immigration and border management and foreign and security policy more broadly; new challenges for foreign and security policy.

Finally, the evaluation of the net effect on the *acquis* became necessary (Gravey & Jordan, 2016). This research realizes an empirical study of policy change between 1992 and 2014. The main conclusion of the analysis is that the EU becomes a new locus of policy dismantling.

3. Public Administration, Public Policies and Political Independence

The theoretical approach for the administration decision making process covers some "classic" involved actors (Birkland, 2005; Cochran, 1993). Such an approach is good enough only at local, regional and national levels.

The evolution of the global economic and political environment led to the need of building regional organizations able to support better socio-economic and political performances. The adhering to such regional organizations implies not only advantages. Some national sovereignty attributes disappear and the members have to implement the supranational political decisions at national level.

European Union is such organization and it has its specific supranational decision makers: European Commission, European Council, European Parliament, etc. The first contradiction can be that between the national interests and the organisational interests. As a result, the national public administration has to face to the

inhabitants' opposition in applying European directives. This is why it is very difficult to obtain a balance between political dependence and independence in the integrative organizations (see Figure 2).

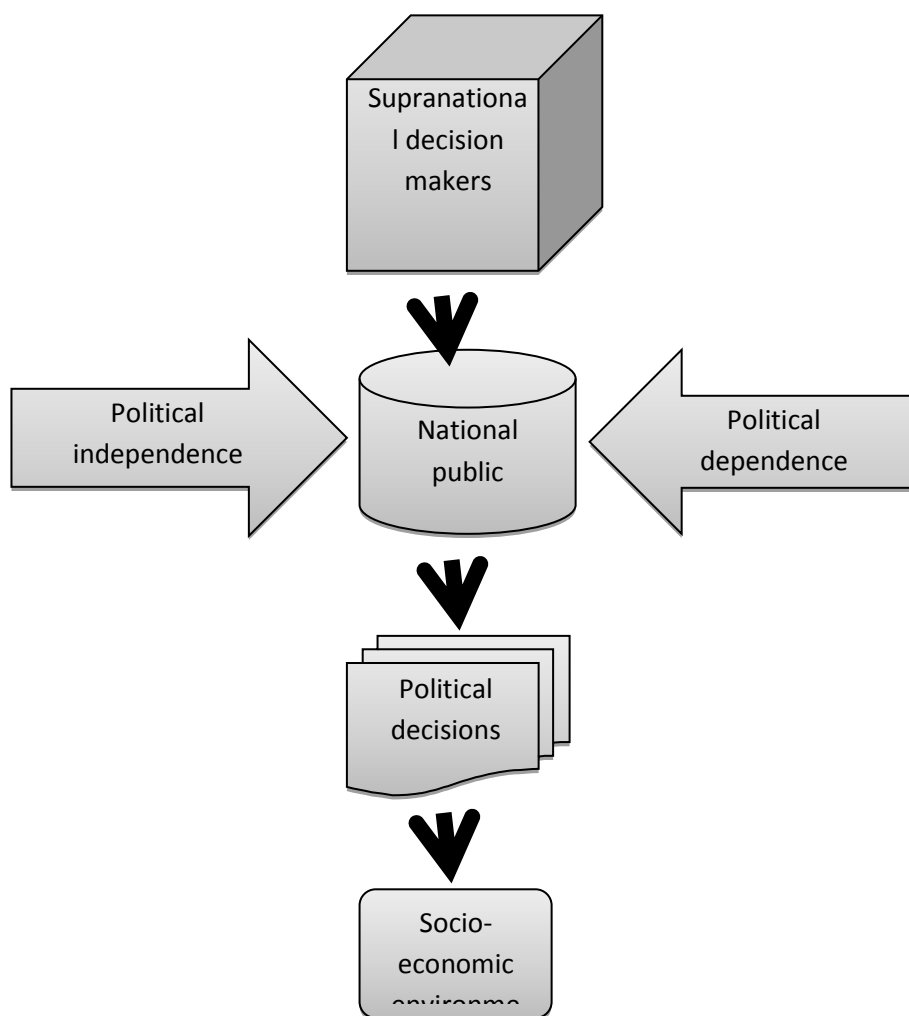


Figure 2. Political independence and supranational decision makers

According to Figure 2, a great dilemma appears. The strategic political decisions are adopted at supranational level, but the national public authorities have the direct social responsibility in applying them. A hypothetical negative feedback to

these policies has to be solved by national public administrations even that they are not directly responsible for these policies.

Basically, the supranational administrations move all potential conflicts at national level. As a result, the national public administrations have to assume the risk of facing people opposition.

Nowadays, the supranational administration becomes a fundamental actor in public policies' adopting process. On the other hand, the national administrations become passive actors in this process because they have to implement policies and decisions adopted abroad. The negative feedbacks to this situation started to operate. Grexit was almost realized. During a short period, a strange proposal of leaving Euro area became reality as a result of a national referendum. The refugees' crisis led to the first great break in EU's political cohesion. Recently, Brexit became a reality after a new referendum.

On the other hand, referendum, plebiscite, national voting, etc. pointed out the importance of supranational administration as actor involved in public policy. The actors involved in public policy in the EU28 are presented in Table 1.

According to this table, EU administration operates at supranational level and imposes its decisions to national administrations from all Member States. The Member States have only the liberty to find the best ways to implement the policies adopted at supranational level.

Table 1. Decision in public policy across the EU

Actor	Level				Type	
	Supra-national	National	Regional	Local	Active	Passive
EU administration	x				x	
President	x	x			x	
National administration		x	x	x		x
Regional administration			x	x		x
Local administration				x		x
Mass-media		x	x	x	x	
Interest groups	x	x	x	x	x	x
Research institutes	x	x	x		x	x

The national administrations operate at national, regional and local levels. Their role is passive because they have to respect the restrictions imposed at EU level.

The President has active role at supranational and national level. The president participates directly or not to the EU decision making process. This is why his role is active.

Regional and local administrations are limited in applying the national directives and policies. So, they have a passive role.

The only independent actor seems to be mass-media, which has an active role and operates efficiently at national, regional and local levels.

The interest groups have an active role if they operate at national and supranational levels. Their role becomes passive if they operate at regional and local levels, because they have to adapt to the existing legislation and have not the force to change it.

Finally, the research institutes operate at national and regional levels and have passive role. Those which operate at European level have an active role and are able to support the research's output generalization across the Member States.

4. Grexit, National Administration vs Supranational Administrations and Economic Environment

The first unbelievable shock for the EU28 was the socio-economic and political evolution in Greece, an "old" Member States and a developed economy, as well.

The future developments in Greece were at least bizarre. According to the EU's official documents, Greece faced to high unemployment rate, even that the trend was favorable during 2013-2015. Moreover, a decrease of 3% was forecasted by the European Commission for 2016. Moreover, the forecasted GDP growth and inflation rates for 2016 were better in Greece than EU average (European Commission, 2015) (see Figure 3).

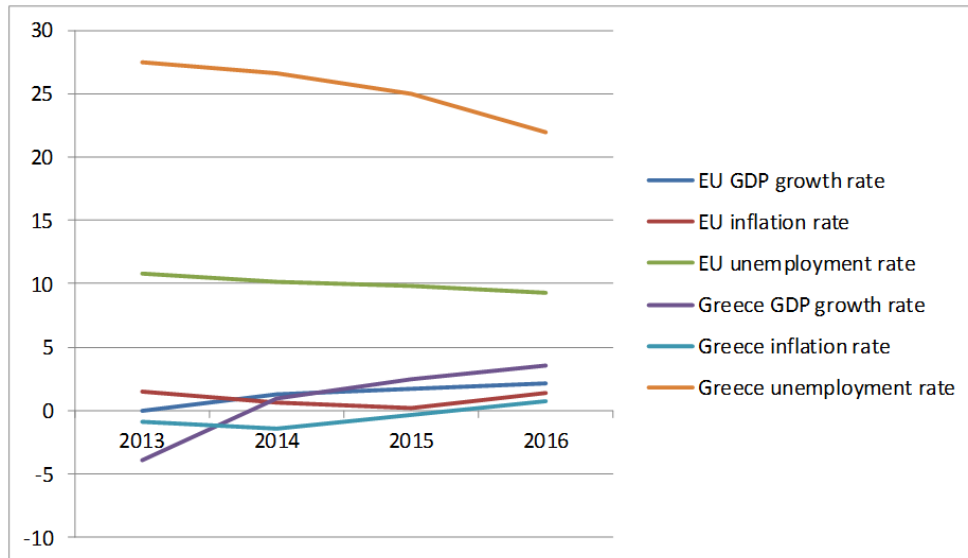


Figure 3. Greece vs EU average economic trends (selected indicators, %)

The Greek government forced the economic recovery. As a result, the investment in equipment increased by 10.8% in 2014 and 12.5% in 2015. The EU's forecast pointed out an increase of 16.5% in 2016, as well. Even the general government gross debt, the main challenge for the Greek economy, decreased from 176.3% of GDP in 2014 to 170.2% in 2015.

Moreover, the European Commission confirmed that Greece exited recession in second quarter of 2014 (Bensasson, 2014).

The national elections in Greece led to a political change and a new approach for the connection to the EU28. This critical approach supported by mass media and population called into question the Greece EU status or its exit from the EU28. Few months were enough to change the economic situation in Greece. The confidence in the Greek economy decreased and all strategic investors tried to exit from country. The bank system failed and the national public administration started to find emergency solutions.

The reaction of the EU administration against Greek administration's initiative was powerful. Three adjustment programs were imposed in Greece in order to provide new funds to service Greek public debt in exchange for banking, fiscal, pension, and income policy reforms. The last agreement regarding an adjustment program

was signed in July 2015. The European Commission, the European Central Bank and the European Stability Mechanism are the partners in these negotiations.

The battle between the EU administrations and Greek government and parliament was tough. The Greek government was caught between electoral promises and the creditors' pressures for economic austerity and reforms. As a result, the official statistical data were changed even for the past (see Table 2) (European Commission, 2016).

Table 2. Greek economy vs EU official statistics

	2012	2013	2014	2015	2016
GDP growth rate					
European Economy, 2015	-6.6	-3.9	1.0	2.5	3.6
European Economy, 2016	-7.3	-3.2	0.7	0.0	-0.7
Investment in equipment					
European Economy, 2015	-29.2	-4.4	10.8	12.5	16.5
European Economy, 2016	-36.5	-0.6	18.7	-5.0	-3.0
Unemployment rate					
European Economy, 2015	24.5	27.5	26.6	25.0	22.0
European Economy, 2016	24.5	27.5	26.5	25.1	24.0
Inflation rate					
European Economy, 2015	0.0	-1.9	-2.4	-1.3	-0.3
European Economy, 2016	0.0	-1.9	-2.4	-2.1	-0.5
Government gross debt					
European Economy, 2015	156.9	174.9	176.3	170.2	159.2
European Economy, 2016	159.4	177.0	178.6	179.0	185.0

A very interesting approach related to the role of the supranational administrations is supported by Table 2. Even the statistical data were modified in an EU official journal for the past. This is why the GDP growth rates and the government gross debts became greater for 2012-2013 in 2016 compared to 2015 in the same EU's official journal!

The public administration in Greece implemented a painful economic recovery plan in accordance to the EU supranational administrations. The wages and pensions decreased dramatically, especially those high and average. The access to the banks' liquidities was restricted and all financial transactions were monitored.

Under the third agreement, Greece has to increase investment and FDI in tourism and agriculture. The public sector has to be restructured again and the privatization has to become more effective.

These unpopular measures put into great difficulty the national administration in its relationship with the inhabitants. Moreover, the improving tax revenue administration became new target. In 2015, the new government improved its fight against tax evasion by establishing a new anti-corruption minister post, which focused on the tax evasion (Bertelsmann Stiftung, 2016). As a result, the latest EU forecasts pointed out a government gross debt decrease of 3.2% in 2017 compared to 2016.

Nowadays, Greece becomes a “classic” example of European country where the national socio-economic policy is defined almost exclusively by the supranational administrations. The national, regional and local administrations in Greece have the role to find affordable solutions for implementing the EU’s decisions.

5. Brexit - the Beginning of the EU’s End?

Even that EU was and is still focused on Greece, the unexpected shock came from UK, where the actors of the public policies succeeded in obtaining the population’s support for exit from the EU28.

In order to save the appearances, some representatives of the EU supranational administrations talked about this event as a future improbable one. Others, including the German Chancellor, had tougher positions.

There are not similarities between Grexit and Brexit. UK is a bigger more developed economy than Greece. It had a dominant position in the EU28 and benefited by a special status. On the other hand, a powerful connection operated between UK and the other Member States. This link breaking can lead to negative effects both in UK and EU.

The trend of the English economy before and after Brexit is presented in Figure 4. According to this figure, UK succeeded to achieve greater GDP growth rates than EU average during 2013-2015. The forecasts for the end of 2016 and 2017 maintain the same trend. On the other hand, the same “unconventional” approach as for Greece was used for UK’s GDP evolution after the Brexit: decreasing the GDP growth rates in 2015 and 2016 by 1% and 3% in the same EU official journal.

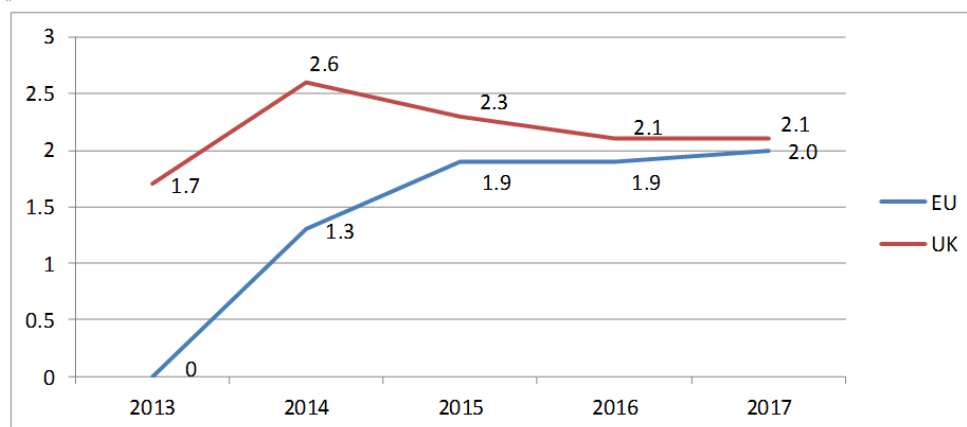


Figure 4. UK vs EU GDP growth rate (%)

UK’s public administration succeeded in maintaining low unemployment rates during 2013-2016. The forecast for 2017 is good, as well (see Figure 5).

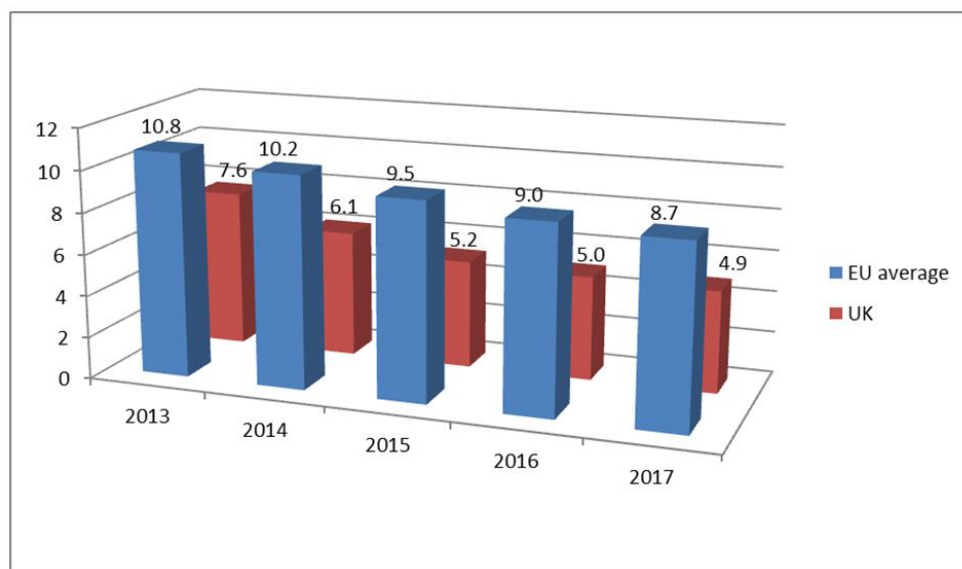


Figure 5. UK vs EU unemployment rate (%)

A major dilemma for the EU supranational administrations is that UK was the 3rd contributor to the EU budget. UK’s contribution to the budget was 12.5% in 2015, comparing to Greece which supported the same budget to 1.26% (The Statistics Portal, 2016).

On the other hand, the national public administration in UK received less than 3.5% from the EU budget in the same year for: competitiveness, cohesion, natural resources, security and citizenship, and administration (European Commission, 2015b). From this point of view, Brexit will bring more money in UK and lower budget for the EU.

Of course, is too early to debate about the advantages and the negative effects of the Brexit both for UK and EU. The most certainly thing is that Brexit creates an unbelievable challenge for the EU administrations and for the British administration, as well.

6. Conclusions

The human society is changing. The global economic, political and social new challenges put their mark on national countries. As a result, the national economies try to find optimal solutions, in order to pass the crisis and to obtain sustainable development.

The national public administrations become key elements in this process. They have to realize the balance between national and supranational interests. Nowadays, the economic liberalization brings not only advantages. This is why the regional organizations as EU were built.

In a changing world, the changing administrations' management becomes essential. EU is far away of solving socio-economic problems and to achieve cohesion between Member States.

EU seems to become more coercive for the Member States. The supranational administrations have not only the leading role, but the role of reacting to all national initiatives able to put one or more Member States to other position than the EU's official one.

The national administrations are transformed into simple executors for the European directives and policies. As a result, national administrations started to work extra hard for EU supranational administrations than for the inhabitants.

The recent political and economic shocks in Greece and UK put into discussion the necessity of a new approach for public administrations' role and public policies.

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