

Public Management in Israel

Development, structure, functions
and reforms

Itzhak Galnoor



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Public Management in Israel

This book examines the machinery of government in Israel, and how public management will have to cope with the new challenges and pressures of the 21st century. As government services in Israel gradually give way to private sector management, the collective-oriented mission of government remains unfulfilled by the private sector or the non-profit organizations of civil society.

Using data previously unpublished in English, this book provides a detailed analysis of public management in Israel. The author presents the task of the civil service, the legal foundation of public management, and the profile of civil servants. He also critically examines the unwieldy budget process, the prevalence (and absence) of regulation and the mechanisms of oversight, not all of them successful. This analysis is balanced by a detailed exposition of Israel's political-administrative culture with its excessive centralization, secrecy, turf protection, and legacy of improvisation, with their cumulative impact on policymaking and administration.

This comprehensive examination of public management in Israel will be of great interest both to students and scholars of business and management, government and politics, and to policymakers in the region.

Itzhak Galnoor is Herbert Samuel Professor of Political Science at the Hebrew University of Jerusalem and Senior Fellow at the Van Leer Jerusalem Institute. He was Head of the Civil Service Commission from 1994–6 and served on the Executive Committee of the International Political Science Association. His research interests lie in the areas of Israeli politics and administration, comparative politics, and political humor. His new book, *The Israeli Political System* (with Dana Blander), will appear in 2011.

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**To Bert Gross z"l
teacher and friend**

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Preface

This monograph is based on lectures given in the Department of Political Science at Hebrew University, and on articles written over the years about the civil service in democratic countries, the budgeting process, political appointments, affirmative action, reform, and related topics. Another source has been what I learned about politics and public management – and the ill-defined boundary between them – from my perspective as Civil Service Commissioner in Israel from 1994 to 1996 in the government of Yitzhak Rabin. My impressions from that period are recorded in a published journal (Galnoor, 2003c), and my insights have found their way, or so I hope, into this book. The chapter about ethical conduct and corruption in the administrative culture of Israel grew out of my work as Director of Ethics in Public Organizations, a position I hold in the Jerusalem Center for Ethics. This book is also an expanded by-product of a chapter in a comprehensive volume about the political system in Israel that I co-authored (Galnoor and Blander, 2011, forthcoming).

My experience in the Civil Service Commission left its mark in that this book does not merely describe and detail, but includes specific recipes for change and improvement. My critiques and recommendations generally appear at the end of each chapter and in the summary chapter about reform, but they may have also found their way between the lines throughout the book.

A few words about the structure and content of the book: I open with a discussion about terminology, so there will be clarity about commonly used terms such as public management, civil service, statutory authorities, and government corporations. The subject of this book is governmental public management, which will also be referred to as “civil service” in its broad meaning, not in the technical sense of employees of government ministries.

Chapter one takes a comparative look at the civil service institutions and the changes that transpired with the changing status of the “state” as an institution.

Chapter two maps the institutions in the public sector of Israel: governmental, nongovernmental, other large public institutions (the Jewish Agency, the Histadrut, religious institutions, institutions of higher learning, and the health funds), and the local authorities. It closes with a discussion of whether the public sector in Israel is unwieldy relative to the size of the population.

The establishment of Israel’s civil service in 1948 and its legal framework, and the laws relevant to public management, are presented in chapter three. At the end

I consider whether the civil service should be enshrined in Israel's constitution (Basic Laws).

Chapter four addresses a complex and unresearched subject: what does the civil service *do*? Some of its key behavior patterns are presented, such as centralization and secrecy, as well as the changing roles of the civil service. Also discussed here is the level of satisfaction with the service provided from the point of view of the citizens.

Chapter five continues this discussion, but is separate in order to emphasize the singular importance of regulation and deregulation in the “skeletal state” that seems to be emerging in the twenty-first century. Research about regulation in Israel is still in its infancy, but several promising studies have already been produced.

Chapters six and seven look at the collective profile of civil service employees. The picture is only partial because, despite great efforts, I could not find data that are reliable or cover the entire period. The discussion about senior posts, especially Directors General, is more detailed thanks to several studies conducted in recent years. At the end of these chapters, two problems are examined: the underrepresentation of women in senior positions, and the absence of Arabs in the civil service in general. Here the question of affirmative action is discussed.

In chapter eight, I look separately at the budgeting process because of the key role it plays in the activity of the executive branch. The latter part of this chapter deals with the reforms required in government budgeting in Israel.

The subject matter of chapter nine is oversight and accountability of the civil service: political oversight and control, judicial review, internal supervision and audits (such as the internal auditors), and public scrutiny via the media, nonprofit organizations and public discourse.

Chapter ten, which examines the public management culture in Israel, is relatively long because of the subjects addressed: political appointments, corruption and ethical conduct, the image of the civil service, and public trust.

The discussion in the final chapter looks at the changes in Israeli public management – reforms attempted and implemented, including privatization. This chapter offers recommendations in response to the question that opens this book about the need for thorough and comprehensive reform of public management in Israel.

This book was originally published in Israel in 2007; in this shortened, English version I have made an effort to update the data as much as possible. With the exception of some explanations added for non-Israeli readers, the two versions are identical. I preferred to use the more current term “public management” instead of “public administration,” but the two are quite interchangeable.

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I would like to thank colleagues who spent time reading all or part of the manuscript and made important contributions: Ron Dul, Alma Gadot-Perez, David Levi-Faur, Moshe Maor, Neta Sher-Hadar, and Yitzhak Zamir. Orna Yoeli edited the Hebrew manuscript and greatly improved its form and content. My dear friend Gila Svirsky translated the book into English and in doing so managed – yet again – to make it more precise and more readable.

The writing, as always, took place at the Van Leer Jerusalem Institute. I am grateful to its past and present Directors, Shimshon Zelniker, and Gabriel Motzkin, and my good friends in the coffee room.

Itzhak Galnoor
Jerusalem, December 2009

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1 Civil service

A comparative perspective

History tells of rulers and their deeds, generally ignoring the human bureaucratic apparatus that facilitated this rule. Public bureaucracy existed well before the modern state, and was created to serve dynasties and rulers. Even then, the bureaucrats were professionals who primarily served the ruler, although they also saw themselves as servants of the kingdom and the community (Eisenstadt, 1965). Note, for example, the public bureaucracy in ancient Egypt from the third century BC – its ministers, scribes, and writers. No less professional were the Mandarin bureaucrats in Imperial China, selected by rigorous examinations, who paraded through the villages with servants carrying their writing desks, and proudly displaying their rank in the shape and color of their hat tassels.

The history of public management testifies that the aims of rulers and kingdoms were linked to bureaucratic expertise. This expertise had once been focused primarily on three areas: technical services such as the registry of land or irrigation regulation; public services such as tax collection and courts; and above all the administration of war-related matters – financing the campaign, recruiting soldiers, and procuring military equipment (Finer, 1997: 59–72). The oldest and best developed public bureaucracy was military, and its influence remains evident to this day in organizational and management concepts and terminology such as hierarchy, chain of command, staff work, and the division of labor.

Background

The modern civil service is directly related to the waning of feudalism and the rise of the European, autocratic nation-state. In the seventeenth century, Frederick William of Brandenburg (1640–88) established an efficient public administration in Prussia, which employed public servants selected on a competitive basis. In France, similar reforms took place under Napoleon in the early nineteenth century, designed to transform the royal service into a public service anchored in law. Thus the first professional, permanent civil service was established in these two states, composed of trained public officials who were instructed to act within the special framework of administrative law. In Britain, the Northcote–Trevelyan Report of 1854 catalyzed the development of a permanent, nonpolitical civil service based on entrance examinations, and an internal division into executive, administrative,

2 *A comparative perspective*

and clerical classes. The first Civil Service Commission was established in Britain to administer and supervise the civil service (Chester, 1981). The federal civil service founded in the USA in 1883 was an effort to dismantle the previous “spoils” system, in which jobs were rewarded for loyalty by politicians who won elections (Carpenter, 2005). The federal civil service in the USA never carried the same authority, power, or status as the official bureaucracy that developed as a state institution in Europe.

In modern democratic countries, the civil service is part of the executive branch of government. According to the rational ideal model designed by Max Weber (1864–1920) under the influence of the Prussian system, public bureaucracy should be a permanent institution with the following features: centralized authority; official modes of operation; a central supervisory body; periodic evaluations of its functions; rules regarding discipline, unions, and strikes; rules for maintaining political neutrality; and procedures for hiring, promotions, tenure, and remuneration (Weber, 1947: 329–58). Based on this approach, a professional ethic was established that required civil servants to observe special norms and rules of loyalty, impartiality, anonymity, and maintaining confidentiality about state secrets.

In the twentieth century, the civil service and public administration as a whole grew rapidly in response to the expanded role of government, particularly the welfare state. This “bureaucratic state” drew criticism from both left and right: the right accused it of an uncontrolled expansion of tasks and proliferation of jobs and rules; while the left censured its conservatism and failure to reduce social gaps. Public dissatisfaction with the functioning of the state and public officials was one of the main reasons that the civil service began to contract in most western countries in the late twentieth century. We will return to this issue in later chapters in the context of regulation and privatization.

It is easier to point to a dysfunctional political system in new states that lack a stable public bureaucracy responsible for conducting state affairs (see Fukuyama, 2004) than to pinpoint the “right” tasks that should be carried out by the civil service. Already in the 1960s, Joseph LaPalombara (1963: 4) defined public bureaucracy as the independent variable without which it would be difficult to engender social, economic, and political development. Furthermore, democratic systems differentiate between the politics of elected officials and the administrative, professional activity of appointed bureaucrats. The assumption is that to ensure continuity and the impartial provision of services, the senior echelon of the civil service should not be elected by the public, nor necessarily replaced upon a change of government. On the other hand, even undemocratic regimes are completely dependent on a bureaucracy – if only for maintaining a secret intelligence network – but in those cases it is run by entirely different systems of authority: the palace, the military headquarters, or the politburo, without the requisite separation.

The most troubling failure to differentiate these two functions occurred in a developed country – Germany – where the public bureaucracy, including military leaders and judges, became an arm of the Nazi leadership. There is no guarantee that administrative expertise and the impartial loyalty of public servants do not become destructive tools in the hands of ruthless or, in other places, corrupt politicians.