INTRODUCTION

This paper reviews features which are associated with small scale and with [relative] geographical isolation in Malta's administrative reform initiated in May 1988. It identifies the issues associated with these twin phenomena, and outlines the strategies proposed for dealing with them. It concludes by posing questions regarding, firstly, the appropriateness of the strategies proposed and, secondly, the extent to which the lessons of Malta's experience are applicable to other small and island states.

The author writes from the perspective of his former position as Secretary of the Public Service Reform Commission, which played a principal role in formulating the strategies for administrative reform. 1

The reader who is unfamiliar with Malta's system of government and administration may find Appendix I useful.

BACKGROUND

Before reviewing the issues and strategies addressed in the reform programme, it is necessary to outline the factors which generated and shaped the agenda for reform, and the events which precipitated it.

Among these factors, three are significant: firstly, the social relationships associated with a small, insular society; secondly, post-war economic and social developments; and thirdly, the administrative tradition of the Island.

Malta displays many of the characteristics commonly attributed to small societies: it is distinct and homogeneous, in close proximity to foreign cultural influences; ‘face-to-face’ relations characterise social interaction; the concern for status and image, and the need to safeguard personal privacy promote secretiveness; disputes tend to be strident, personal and long-standing. 2

Politics is characterised by intense partisanship, by the conflation of national and local issues, and by a style of leadership that has elements of both charisma and patronage. The electoral system, with its low thresholds, multiparty constituencies and fine voting margins, accentuates the ordinary pressures to operate through networks and to circumscribe formal institutions. The impact on public administration is immediate and pervasive.

Public administration has also been significantly affected by economic and social developments in the years since 1947, including industrialisation and...
the creation of an elaborate social welfare system. Besides creating complex
new tasks for the administrative services, they accentuated a tradition of
governmental intervention in the economic life of the Island that was the result
of Malta's historic role as a fortress colony and the attendant insecurity and/or
seasonality of much employment in the armed services, the naval dockyard and
the private sector.

In fact, Malta's administrative history is probably unique among small and
island states for its extent and its complexity. The year 1530 marks a
watershed: the establishment in the Island of the crusading Order of St. John
of Jerusalem cast Malta in a fortress role and, more importantly, perhaps,
introduced the administrative apparatus of a de facto sovereign state. During
the intervening centuries until the establishment of self-government in 1921,
public administration became progressively more centralised and more
interventionist. Though staffed by the emerging Maltese middle class, its
activities were more closely associated with the presence of the colonial power
than with the needs and aspirations of the local population. 3

The fact that the public service served as an instrument of colonial rule,
and the uneven political transition to full national independence, may be the
principal reasons for ambiguities in the relations between civil servants and
Maltese politicians. Though the Independence Constitution included a chapter
on the public service, and established the Westminster/Whitehall system of
government and administration, it did not address basic issues such as the
delineation of political and administrative roles, or patterns of authority and
organisation, or ethics in government. 4

The events that precipitated the review beginning in 1988 arose from an
extended political and constitutional crisis during the first half of the eighties,
a period which saw the legitimacy of governmental institutions eroded, as a
result of the political strategies of both government and opposition: the
considerable powers of administrative discretion were applied by Government
in an effort to break Opposition boycotts and protests.

The government which took office in 1987 after three terms in opposition,
declared its commitment to institutional reform involving every branch of the
state. It spoke of eradicating the abuse of administrative discretion (whether
for 'reasons of state' or for patronage); promoting just, equitable administration;
and improving administrative efficiency. 5

In addition, major goals of the government's programme had important
implications for the public service: these included the reorientation of welfare
provision (away from welfare payments and institutional care); the
reorientation of the economy towards services; and the commitment to seek
membership in the European Community. 6

This brief statement is not an exhaustive analysis of the factors affecting
Maltese public administration: it merely points to their multiplicity, complexity
and interrelatedness. The impact and effects of Malta's small size and
geographic isolation are not easily dissociated from other factors: therefore,
it would be expected that a strategy for administrative reform would not merely
address one factor or set of factors.
INITIATING REFORM – TERMS OF REFERENCE

In fact, the terms of reference of the two exercises which were commissioned in 1988 to propose strategies for change would not appear to be markedly different from other administrative reforms initiated during the 1980’s when public administrative services came under close security in many parts of the world.

The Public Service Reform Commission was appointed in May 1988 ‘to examine the organisation of the public service and to recommend means by which the Service can efficiently respond to the changing needs for effective government.’

Soon after, an expatriate Maltese consultant began an ‘Operations Review’ intended to evaluate existing organisation structures in the light of the government’s objectives, to recommend appropriate delineations, organisational structures and mandates; and to develop a suitable information technology plan identifying needs, opportunities and cost-benefits for the application of computer technology.


The effects of small scale were taken into particular account in recommendations relating to three sets of issues – administrative legitimacy, the scale and commitments of government, and the availability of skills and expertise. They are briefly reviewed here.

RESTORING ADMINISTRATIVE LEGITIMACY

The Reform Commission’s first stage report speaks of “… the themes, goals and strategies of reform: good management, customer sensitivity, efficiency, leadership, accountability and protection of the rights of employees.” The statement illustrates the Commission’s concern about administrative legitimacy. In fact, no less than four of the eleven goals of reform are directly concerned with restoring administrative legitimacy: Goal One: Win public confidence in the Service; Goal Two: Create a culture of excellence and integrity; Goal Nine: Increase planning and audit capabilities; and Goal Ten: Define and contain Executive discretion.

Evidently, administrative legitimacy is seen as critical for establishing a climate of trust that is, in turn, a pre-requisite for good government and for successful reform. The conditions peculiar to Malta in the 1980’s – the sharply-divided electorate, the legacy of bitter disputes, and instances of human rights violations – make the task all the more difficult: the average citizen has come to view governmental decisions with which he disagrees as ‘unjust’ and meriting redress – judicial or otherwise. The number of cases presented before the Commission for the Investigation of Injustices (also appointed in 1988) is indicative of the prevailing mood.
In order to win public confidence in the Service, the Commission proposed, firstly, improved customer relations; secondly, effective action to deal with patronage, corruption and incompetence; and thirdly, on a more positive note, the progressive development of open government.

This is not the place to review the detailed proposals. The principal recommendations include: a communications strategy for keeping the public generally, and specific customer groups in particular, informed of matters that concern them as customers of the public service; improved procedures for conducting public inquiries, especially, mechanisms to 'trigger' investigations and mandatory tabling of reports in Parliament; and legislation to regulate access to and use of official information.12

**Goal Two – Create a culture of excellence and integrity** – concerns the administrative culture of the public service. This influences the exercise of administrative discretion which is, in turn, both liable to manipulation by networks, and prone to rouse suspicion. The Commission enunciated two important principles: a single standard of conduct in public life; and a distinction between offences against professional ethics, and offences against discipline.

In the Commission's view:

"... public service ethics find their context in the broader questions of conduct in public life. Specifically, the public service is a political institution: as part of the framework of government, it participates in the political process by which decisions are taken on behalf of the national community. Therefore, there cannot be two standards of conduct, one for civil servants and one for politicians."

A national dialogue on public service ethics is therefore proposed, with a view to developing conflict of interest guidelines applying to all public officials, including politicians, their private staff and confidential advisers.13

Administrative discretion, exercised within the framework of law and subject to the overriding authority of a minister, is distinguished from professional judgements, made by virtue of professional training and standards (legal, medical, accounting, engineering). The Commission recommended a measure of protection for civil servants who resist interference with their professional judgement, by separating jurisdiction over disciplinary offences from offences against professional conduct, and placing the latter in the hands of an autonomous Public Service Disciplinary Board.14 A hypothetical example of one instance in which such protection may be necessary, would be action taken against an engineer for refusing for professional reasons to certify the soundness of works carried out by a contractor who is related to the minister of works.

In the same vein, the Commission proposed that the exercise of discretion should be regulated by clear objectives, procedures and criteria, which would also provide the basis for independent scrutiny of decisions and actions. Furthermore, other recommendations under **Goal Nine – Increase planning and audit capabilities** – focus on organisational and resource constraints that
limit the effectiveness of the Director of Audit and the Public Service Commission as independent scrutineers of governmental action. (Goal Ten extends the same principles to the management of human resources within the public service.)

THE SCALE AND COMMITMENTS OF GOVERNMENT

A study carried out by the Commission illustrated the growth of Malta’s public administration in terms of both scale and complexity. No judgement was made as to whether the current scale and commitments are beyond the capacity of the country to retain or, indeed, whether the current scale of government is consistent with the real needs of the country. Perhaps a sentence in the opening statement of findings sums up the situation well, if rather intemperately: “[the public service] attempts unavailingly to reconcile unlimited demand for services with finite resources and limited delivery systems.”

The Operations Review identified the dysfunctions caused by scale and complexity. It proposed a new pattern for organising the business of government in ministerial portfolios, as well as organisational structures to deal with interdependencies or with emerging policy sectors that are rapidly assuming importance. The recommendations have not been made public; however, a Cabinet reshuffle in May 1990 may well have taken account of the consultant’s recommendations.

The major public statement about the implications of growing governmental scale and complexity for public administration is found in Chapter 5 of the Commission’s first stage report. The Commission identified the major tasks devolving on the public service in the light of the present scale of national development and Government’s declared objectives. It then proceeded to outline the demands that these tasks would make on the public service, in terms of its capacity for policy analysis, planning, regulation and service delivery. It concluded that the Maltese public service could not meet all these demands from its present resources, but assumed that, for the coming few years, the public service would be alone among Maltese organisations in being able to muster resources that could cope with the scale of government operations. The Commission therefore proposed Goal Three: Define the role of the public service.

In brief, this means that the activity, resources and development effort of the public service (which is a career service) should be focused on the areas of its greatest strength, ie, administration of legislation and service delivery. Tasks such as policy analysis and planning, which must be completed within short time-frames, and which are carried out by multi-disciplinary teams of specialists who could not be produced by the career service (except, perhaps, at unacceptable cost) would be acquired outside the public service, but grafted onto the organisational fabric of the Service. Departments of the public service would be structured so as to carry out the full range of tasks, but not all positions (particularly those requiring specialists) would be filled permanently.
STAFFING THE PUBLIC SERVICE

This raises another significant handicap confronting administration in small and island states – staffing. In any jurisdiction, the career system traditionally operated by civil services is unable to attract and retain the full range of specialists – some of them having a high scarcity value – required to staff departments. A limited population, inadequate educational systems and low wage rates compound these difficulties, as does the growth of the private sector, which competes for talent.

The traditional solution is to acquire specialist expertise outside the country, on the open market, if the country can afford it, otherwise, through technical assistance programmes. While this may produce results in terms of small numbers of technical specialists, it would almost certainly not be a viable option if managerial expertise is required throughout the public service. Given the complexity of government’s tasks and the scale of budgetary, technological and human resources allocated for those tasks, managerial talent of a high order and in large amounts is precisely what is required. Again, in the short term, at least, the career system is found wanting.

The Commission therefore proposed that the Maltese public service should modify the career system by competing at the highest levels for managerial talent.\(^{21}\) It recommended, firstly, a top management category (Category A) to which entry from the more junior ranks of the career civil service would be regulated by the principle of competition; secondly, external recruitment to fill positions for which no suitable career candidates are found; and, thirdly, negotiable benefits packages, to allow the Service to compete with the private sector in the labour market.\(^{22}\)

STRATEGIES FOR ADDRESSING ISSUES OF SMALL SCALE: APPROPRIATENESS, COSTS AND RISKS

Many of the issues raised before the Public Service Reform Commission are characteristic of diverse administrative systems. The Commission’s reports do not contain explicit references to Malta’s small scale and, still less, to its geographic isolation. Was this dimension given the importance it warranted? A brief answer to this question would be that the Commission regarded small scale as a factor contributing to the general malaise of the public service, accentuating problems such as the poor delineation of roles, rather than the sole or the primary cause of particular dysfunctions. The precise effects and implications of small scale were not dwelt upon, because they are not easily disentangled from the other significant factors.

Were the effects of small scale addressed adequately, and were the strategies appropriate? Let us first consider the impact and implications of the Commission’s recommendations in regard to the issues reviewed earlier.

The targets of the recommendations on administrative legitimacy and administrative culture are the networks of kinship and patronage, and the objectives are two-fold: firstly, to reduce the utility of networks to those who manipulate them, by reducing the public’s ignorance of its rights and obligations,
as well as the intimidating bureaucracy, all of which are powerful inducements
to transact business 'informally'; and, secondly, to break the vicious circle of
official secrecy and unofficial rumour, which is characteristic of closed
societies, while containing the potentially scandalous disclosure of official
information and protecting the privacy of individuals. The Commission's
recommendations are forceful, but clearly consistent with democratic
principles. More importantly, they are also consistent with values in Maltese
society which, though recognised as significant, have either been devalued
or distorted. The Commission's recommendations serve to identify values such
as justice, fair play, equity and the rights of individuals more closely with the
formal institutions of government, than with informal social processes.

Genuinely independent scrutiny of administrative processes is perhaps
the most evasive goal in small states. Members of supposedly independent
boards and commissions are appointed by governments acting almost
exclusively in their discretion. In Malta, it is widely acknowledged that persons
who are broadly sympathetic to the policies of the incumbent administration
are so appointed. While this is probably true of other countries with democratic
credentials, in Malta's sharply partisan society, the average citizen finds it
especially difficult to acknowledge the integrity of members of a board or
commission – and, by implication, the legitimacy of the board's decisions –
if they are identified with either of the two major political camps: a citizen
belonging to the party in opposition regards board members as servants of
government's political interests; while a citizen belonging to the party in
government assumes that board members will extend their patronage to
supporters of the government. It is not actual corruption so much as the
prevailing attitudes that compromise the position of independent referees or
scrutineers.

In the same vein, the public questions the integrity of members of the
Public Service Commission (on whose recommendations the government must
act in filling most positions in the public service). In addressing this vitally
important matter, the Reform Commission did not go so far as to propose that
members of the PSC should be appointed for a reasonable, definite period
(though it did so in the case of a Senior Appointments Selection Committee,
which is referred to again later in this paper). Nor did the Commission
propose criteria for the choice of members of the PSC, an equally important
matter, perhaps because in so doing it would, by implication, cast doubts upon
the integrity of the members of the present Commission. It remains to be seen
whether guaranteed tenure, operational autonomy and enhanced capacity for
initiating scrutinies of public service appointments will be sufficient to give
credibility to the Public Service Commission as an independent 'watchdog'.

The need for independent scrutiny of Executive action will be all the greater
if the Reform Commission's recommendations on external appointments to
top management postings in the public service are implemented. Already the
cry has gone up that this will be a device to politicize the highest ranks of
what should be a neutral Service. The Commission itself was conscious of
this risk, and recommended several measures to bring a degree of transparency
to the appointment procedures, among them a Senior Appointments Selection Committee which would carry out a search for candidates, vet applicants and propose names for the Prime Minister and the Public Service Commission to consider.\textsuperscript{26} The implementation of these recommendations requires a constitutional amendment and would almost certainly be very contentious.

Even if the political difficulties are set aside, the matter of allowing competition for scarce managerial talent is not a straightforward solution to the problem of staffing the public service in a small country. It may actually impose an additional burden on the private sector in the form of greater costs in securing and retaining managerial personnel. In a small state, there is an especially fine trade-off between promoting excellence in public administration – which is generally acknowledged as essential in developing countries – and competing for scarce resources with private enterprise which may be struggling under government-imposed burdens and handicaps. In the longer term, the constraints may be eased if the competition for talent actually prompts investment in human capital through education.

The Maltese government has also resorted to another strategem for dealing with the issue – it is actively searching for talent and expertise among the large expatriate Maltese communities in Australia, the United States and Canada. The results of this search have been encouraging.

The appropriateness of recommendations relating to the scale and commitments of government is less easily evaluated. Certainly, strains in the organisational fabric of public administration are caused by the excessive demands placed on limited capacity, but whether or not the plans, programmes and initiatives are essential to Malta’s development is a question to which a simple answer risks being simplistic. The cynical observer and the harried administrator may regard the country’s infrastructural and social-welfare programmes as unsustainable, and its foreign policy initiatives (the Law of the Sea, the Mediterranean dimension in the Conference on Security and Cooperation in Europe, the climate as the common heritage of mankind, and full membership of the European Community) as pretentious. On the other hand, assuming the perspectives, goals and burdens of a full-sized power may be the only way for a lilliputian state to break out of the handicaps imposed by its size in a world of large powers. This is one feature of the ‘coping’ strategies of small states which deserves further study.

EXTENDING THE APPLICABILITY OF MALTA’S EXPERIENCE

This point leads to the final question of this paper: to what extent are the strategies attempted in Malta for dealing with small scale relevant to other small and island states?

In attempting to answer this question it is necessary to bear in mind, firstly, the great diversity within the category ‘small and island state’ and, secondly the fact that in a league table of such territories, Malta assumes the dimensions of a superpower\textsuperscript{27} Its economy is reasonably diversified; the private sector accounts for more than half of the gross domestic product; the educational system caters for a range of disciplines and is able to meet diverse manpower
needs. Malta's relatively strong economic position allows it to consider solutions that would not be feasible in other small and island states. For example, it can afford to recruit management expertise on the international market and has done so in order to establish a Management Systems Unit that will support the implementation of the administrative changes that are proposed. It should therefore be borne in mind that it may be just as perilous to transpose solutions from one small state to another as it is to transpose solutions from a developed to a developing state.

Rather than applying particular recommendations of Malta's Public Service Reform Commission to other small and island states, it may be more useful to adopt some of the principles and premises upon which the Commission's proposals were based.

The most important of these was the Commission's premise that its proposals should all be realisable within the constraints imposed by local politics and resource availability if they were to stand any chance of implementation. The principle has two applications.

The first, most obvious application relates to the financial costs of reform: the cost of skills, expertise, technology, new organisations and operating systems required for implementation. Not only is it necessary to assess the relative costs and benefits of alternative reform strategies; it is equally important to evaluate whether they are affordable; the limit of what is affordable may be tighter in a small state.

The second application of the principle relates to what is politically feasible given prevailing social and political values. To a greater or lesser extent, change is threatening to particular stake-holders; the challenge for the reformer lies in minimising the threat for all stake-holders while maximising change. Malta's Reform Commission applied this to the goal of promoting administrative legitimacy: it sought to create an institutional framework that helps to identify commonly-held values more closely with the formal process of government that with the informal processes. It did not attempt to eradicate informal processes, a goal that may, in any case, be unattainable. The Commission also recognised that it is ultimately attitudinal rather than organisational changes which underpin the effort at reform. The proposals intended for addressing the problem of administrative legitimacy may be especially applicable to other small and island states.

Though self-evident, the principles which guided the Commission may be neglected by the drafters of reform, especially if external consultants who are not entirely familiar with the political and administrative culture, and insufficiently appreciative of the capacity of local resources, are engaged to advise on administrative reform. Poor and insecure as they often are, small and island states may give in to the siren-song of glittering technology and gilded expertise, with its promise of administrative efficiency and effectiveness.

CONCLUSION

This paper is merely a first, partial attempt at evaluating the appropriateness of administrative reforms initiated in a small-state setting.
The most important conclusion to be drawn from the foregoing pages is the difficulty associated with attempting to disaggregate the impact and effects of small scale and geographical isolation, given the complexity and interrelatedness of issues affecting the performance of public administration. Given this caveat, however, the paper has argued for the soundness of the principles applied by the Public Service Reform Commission in Malta.

Edward Warrington is lecturer in the Department of Public Policy, University of Malta.

APPENDIX I

A Note on Malta’s System of Government and Administration

1. BASIC DATA ON MALTA

Territory: Three inhabited islands in the central Mediterranean; area c. 120 square miles
Population: c. 345,000
Major economic sectors: light manufacturing, tourism, ship-repair.

2. GOVERNING INSTITUTIONS

Form: Republican, with parliamentary executive
Legislature: unicameral House of Representatives (presently 69 members) elected by direct, universal suffrage at five-yearly intervals.
Executive: Cabinet of ministers; currently comprises ten portfolios
Prime Minister
Foreign Affairs and Justice
Education and Interior
Social Policy
Finance
Development of Infrastructure
Agriculture and Fisheries
Tertiary Sector
Gozo
Economic Affairs
Nine parliamentary Secretaries (junior ministers) supervise policy sectors within four portfolios.

Judiciary: Bench of Judges appointed by the President acting on recommendation of the Prime Minister; judges are not removable from office except on a motion supported by not less than two-thirds of the members of the House of Representatives.
3. PUBLIC ADMINISTRATION


The Prime Minister is Minister for the Public Service and Chairman of a newly-appointed Cabinet Committee for Public Service Reform.

Basic organisational forms: departments and divisions, but the sixty-odd organisations that make up the public service carry a variety of labels (ministry, parliamentary secretariat, department, division, unit, office) which do not necessarily relate to particular organisational forms.

Scope of activity: there is no local government in Malta; the public service carries out tasks of both national and local administration; municipal services and regulatory activities are increasingly being transferred to statutory corporations.

Leadership: (a) the Administrative Secretary who is the chief secretary to government is also recognised as Head of the Public Service;
(b) Permanent Secretaries: appointed by the President acting on the recommendation of the Prime Minister (this section of the Constitution is inoperative);
(c) Heads of Department: appointed by the Prime Minister from among senior public officers following consultations with the Public Service Commission.

Appointments, discipline and removal from office: made by the Prime Minister acting on the recommendation of the Public Service Commission in the case of all officers other than those listed above.

Manpower: c. 27,000 regular public officers; c. 8,000 auxiliaries; (c. 10,000 in statutory corporations and large public enterprises)

Notes

1. The documents quoted here are all published reports and papers of the Public Service Reform Commission. These include:
A New Public Service for Malta: Further Proposals on Administrative Structures, Grading, Staff Development, Selection and Compensation, February 1990 (cited here as Second-stage report)
A New Public Service for Malta: Supplementary Papers, January 1990 (cited here as Papers)
The reports of the Operations Review have restricted circulation; the only references to the Review that are made in this paper are taken from statements made in public or in the press.


3. In the absence of a study on the development of the Maltese administrative services, these statements should be taken as hypotheses.

4. Chapter X of both the Independence and the Republican Constitutions dealt with the public service: Sec 109 – the Public Service Commission; Sec 110 – Appointment, discipline and removal of public officers; Sec 111 – Principal representatives of Malta abroad; Sec 112 – Appointment on transfer in respect of certain offices; Sec 113 – Protection of pension rights; Sec 114 – Grant and withholding of pensions, etc; Sec 115 – Protection of Public Service Commission from legal proceedings.


6. *ibid.*: Sections III.6 and III.8

7. Public Service Reform Commission: *First Stage Report* Appendix I


9. The first stage report of the PRSC enunciates eleven goals for reform:
   - Goal One: Win public confidence in the Service
   - Goal Two: Create a Culture of excellence and integrity
   - Goal Three: Define the role of the public service
   - Goal Four: Develop administrative structures and management systems
   - Goal Five: Define and develop employee competence
   - Goal Six: Select and retain the brightest and ablest
   - Goal Seven: Improve the quality of management
   - Goal Eight: Invest in technology and plant
   - Goal Nine: Increase planning and audit capabilities
   - Goal Ten: Define and contain executive discretion
   - Goal Eleven: Institutionalise change

10. PSRC: *First Stage Report* p (iii)

11. The figure currently stands at 4. See reply to Parliamentary Question No.

12. PSRC: *First Stage Report* pp 10 – 13

13. *ibid.*: pp 14, 15

14. *ibid.*: p 16

15. PSRC: *Papers:* "Supplementary Paper No 2 – The Growth of the Public Service:

16. PSRC: *First Stage Report* p 1

17. For the organisational issues addressed by the Operations Review see *The Sunday Times*, op cit.

18. PSRC: *First Stage Report* Chapter 5

19. PSRC: *First Stage Report* p 21

20. *ibid.*: p 22

21. PSRC: *First Stage Report* p 56
22. PRSC: *First Stage Report* pp 57, 58; see also PSRC: *Second Stage Report* pp 70 – 73
23. PSRC: *First Stage Report* p 12
24. PSRC: *Second Stage Report* p66
25. See correspondence in *The Sunday Times* April 1990
28. This is not explicitly stated in the reports, but it was adopted very early in the Commission’s deliberations and is evident throughout the reports in matters such as the consistent preference for upgrading existing institutions (Public Service Commission, Department of Audit, Management & Personnel Office), rather than the creation of new ones.