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Limited Partnership: The Lack of Sustainable Development in Relation to Participation in Hungarian Public–Private Partnerships

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ABSTRACT
Public–private partnerships represent a new form of network governance, potentially offering flexibility, economic efficiencies and non-governmental participation in policy development. Such partnerships can be viewed in terms of sustainable development, achieving two of its three tenets – economic and social growth. Combining growth and participation has particular appeal in transition economies such as Hungary's, where both need stimulation. However, policy-making at the national level in Hungary inhibits participation. One key element of partnerships is trust. In transition economies such as Hungary, public- and private-sector actors have not had the time to develop the relationships necessary to create partnerships based on joint decision-making. Copyright © 2005 John Wiley & Sons, Ltd and ERP Environment.

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Introduction

Supporters of public–private partnerships assume one of two forms – market-oriented advocates and network-government enthusiasts. The former believe partnerships harness private-sector money and bring a budget-minded management style to public-sector projects. For example, a European Commission-funded document, *Guidelines for Successful Public–Private Partnerships*, reports that alliances between the public and private sector can 'raise additional finance in an environment of budgetary restrictions, make the best use of private sector operational efficiencies to reduce cost and increase quality to the public and the ability to speed up infrastructure development.' (European Commission, 2003) The latter see partnerships as a new form of governance representing a third way to govern relations in society (Hofmeister and Borchert, 2004; Klijn and Teisman, 2000;

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McLaughlin and Osborne, 2000; Teisman and Klijn, 2003). A partnership is more than a contract for services; it represents a long-term relationship between public and private actors where risks and decision-making are shared. Researchers Darrin Grimsey and Mervyn Lewis, for example, argue that partnerships centre on 'conflict management, team building, trust, commitment and mutual goals' (2004, p. 67). This relationship functions like a network (or a series of networks), in which groups share resources – such as knowledge, legitimacy or money – to deliver goods and services. These networks transform government because they take decision-making power away from the centre and disperse it. Governments can steer decisions based on their strength and control over important economic resources; however, the dynamics and benefits are created through group decision-making. In exchange, governments gain the resources and flexibility of the network, and also build interdependencies in society (Jessop, 2000). These networks are viewed as a more efficient and flexible way to effect policy change, in contrast to traditional hierarchical organizations, which focus on procedure and organizational stability (Noordegraaf, 2003; Schwarz and Thompson, 1990).

If network governance leads to more participation in decision-making, then partnerships could be a useful tool for sustainable development. These partnerships could balance and improve economic and social concerns simultaneously, achieving two of sustainable development's three tenets – economic growth, environmental health and social equity.[1] Certainly, some have suggested that public–private partnerships can lead to increased political participation and greater legitimacy for projects (Börzel and Risse, 2005; McLaughlin and Osborne, 2000; McQuaid, 2000). The idea of increasing participation in decision-making has particular appeal for people concerned about the lack of a democratic tradition in developing countries, including those such as Hungary, which joined the European Union in 2004.

However, while some public–private partnerships meet the ideals of network governance, others hold few, if any, of its characteristics. For those who focus on a partnership's ability to distribute risks and achieving economic results, the ideas of joint decision-making and participation are irrelevant. The issue for these budget-minded partnerships is solely value for money, and social concerns become secondary by-products. Such partnerships represent no more than a new way to consider traditional contracting-out situations. While non-political actors are consulted to consider which projects they are willing to undertake, the interaction between actors remains economic. Political decisions remain within government hierarchies.

Some researchers fail to differentiate forms of public–private partnerships when addressing their potential advantages and disadvantages. Different types of public–private partnership lead to differing visions of government and bureaucracy, which will influence the question of whether public–private partnerships help or hinder sustainable development. The first aim of this paper will be to clarify the various forms of partnerships in terms of hierarchies, markets and networks. It will argue that partnerships based on networks offer the most potential for sustainable policies. Then, it will show which forms of partnerships are being introduced in Hungary. It will demonstrate that partnerships in Hungary fail to meet the ideal of network governance, and they cannot be seen as a social tool to increase participation or social capital.

Public–Private Partnerships: Problematic Definitions

The term public–private partnership suggests a relatively simple concept – public and private organizations working together – but the term remains open to wide interpretation. Most researchers assert

[1] Some even argue that public–private partnerships can incorporate environmental considerations because they focus on 'whole life cost' of a long-term contract. See the UK government's *Green Public Private Partnerships* (Office of Government Commerce (UK) *et al.*, 2002).

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that partnerships involve long-term relationships spanning a period of a couple of decades, but this is where agreement stops. Some definitions do not extend beyond the basics of a long-term relationship; others focus on shared political and economic risks (Commission on Public–Private Partnerships, 2001); while some look at governance structures where participants in a partnership are equal partners (Peters, 1997; Pierre, 1997). This variability leads to many misunderstandings and makes public debate difficult. Where opponents assume public–private partnerships work as a form of privatization and abdication of government responsibility, a proponent can see it as a tool to include more actors in the policy process or to allow public and private actors to combine their strengths for better results. The problem is that none of these interpretations is necessarily wrong given the array of partnership types available to governments. Understanding the potential for partnerships requires clarification of this confusion.

Two sets of researchers have tried to categorize different types of public–private partnership. Tanja Börzel and Thomas Risse (2005) identify four archetypical public–private partnerships, focusing on their structure.[2]

(1) *Consultation*. The most common and weakest form of partnership. Governments consult with various groups in exchange for knowledge and credibility within various communities, whether with NGOs or businesses. These groups also receive some benefits with more access to government decision-makers.

(2) *Delegation*. This usually represents some form of outsourcing. This type of public–private partnership also has particular appeal for governments seeking cost savings, as it gives them a more 'flexible' work force. From one perspective, governments can more rapidly shift resources from one project to another, giving it more dynamism. From another perspective, it also allows governments to circumvent public-sector unions by contacting out to the lowest bidder. A few examples the authors point to include the International Organization for Standardization (ISO) and the Committee for European Normalization (CEN).

(3) *Joint decision-making*. Governments give stakeholder groups a meaningful role in the decision-making process. One example is the World Commission on Dams (WCD), a negotiating mechanism that reconciles dam construction with principles of sustainable development.

(4) *Self-regulation in the shadow of hierarchy*. Government works like a referee, loosely interpreting the rules of conduct. In this regime, governments walk quietly and carry big sticks. This self-regulation usually works best when a number of large, high-profile companies control an industry. A classic example is the chemical industry's reaction to a massive chemical spill in Bhopal, India, in 1984. In this incident, gas leaked from a tank of methyl isocyanate, killing approximately 3800 people and injuring many others. In reaction, industry drew up new codes of conduct rather than have the government regulate the problem (Johnston, 2004). The threat of regulation is important in this case. While some may point to falling stock prices as the incentive for change – and hence, the market encouraging good corporate behaviour – the reason that the chemical industry made these changes was because of the *threat* of government intervention. The organizations knew they needed to make real changes, otherwise the government would impose its own solution.

Stephen Linder and Pauline Rosenau identify six forms of public–private partnerships, but rather than analyse their structure they look at the rationale behind their use. Quite often, the rationale for change involves some kind of government restructuring, whether ideologically or organizationally. These objectives coincide with three of the four structures outlined by Börzel and Risse – consultation, delegation and joint decision-making.

[2] The authors actually identify five, but by their own admission this fifth type remains questionable – state adoption of privately negotiated regimes. Essentially, the government legitimizes activity already performed in the private sector, accepting it as a *de facto* standard. The role of the Internet Corporation for Assigned Names and Numbers (ICANN) in registering domain names on the Internet is an example.

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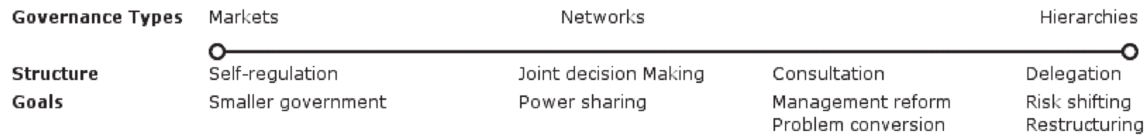

Figure 1. Governance continuum

(1) *Power sharing*. A form of *joint decision-making*.

(2) *Risk shifting* and (3) *restructuring public services*. Forms of *delegation*. In risk shifting, the private sector assumes some financial risks for a project in exchange for profit (some argue that businesses, with their specialized knowledge, can adopt a project at a lower cost, so risk transference ends up costing the government very little; others disagree). Public-service restructuring generally involves contracting out services and giving government more 'flexibility' with its workforce (as discussed earlier).

(4) *Management reform*, (5) *problem conversion*, and (6) *moral regeneration*. Forms of *consultation*. These three rationales involve changing the way bureaucracies approach policy problems. Whether it means an ideological change (the use of more market-based principles of management, as implied in New Public Management) or refocusing on new types of problem, the structure of bureaucracies remains relatively consistent (Linder and Rosenau, 2002).

One can place these structures and goals onto a continuum. (See Figure 1) On one side of the spectrum lies market governance, where governments play a minimal role in directing the economy, stepping in only when markets fail. On the other end lies hierarchical government, where decisions in a particular field are completed within the bureaucracy and these decisions are implemented by providing government services. Those forms of partnership that lie in the middle of the continuum most closely match the ideals of network governance – those surrounding joint decision-making or, to a lesser extent, consultation.

Networks and Sustainable Development

Given that hierarchical organizations are designed to promote stability in a relatively static system, and given the complexities created by reflexivity, it is clear why analysts have paid particular attention to non-hierarchical modes of organization to make policies more sustainable.[3] As some sociologists argue, hierarchies enforce cohesion, focusing on structure and order. According to Michel Schwarz and Michael Thompson, hierarchies achieve this cohesion through 'ritualism and sacrifice' as transactions funnel through their proper channels and members of the organization are taught to understand their positions (Schwarz and Thompson, 1990). Of course, hierarchical organizations can display innovation and intelligent behaviour. The real issue is how quickly a hierarchical organization can respond to rapidly changing situations, which has become the norm as the information age advances and accelerates. Hierarchical organizations have little time to reinvent themselves according to new demands and scenarios. The current difficulties of U.S. intelligence-gathering agencies are an example, as critics have claimed they have been unable to shift quickly enough from a Cold War mentality.

[3] Reflexivity is a term used to describe the increasingly rapid changes that influence society, and the problems that social scientists and policy developers face when dealing with these rapid changes. The more we learn about society, the more this knowledge is cycled into it, hence changing it (Giddens, 1990).

Not all academics accept the futility of bureaucracy and hierarchy. Some achievements in environmental policy derive from government regulation and hierarchical decision-making, such as banning leaded gasoline from motor vehicles (Golub, 1998). For an interesting piece on the successes and failures of markets, see Robert Kuttner's *Everything for Sale: the Virtues and Limits of Markets* (1996).

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Some see solutions at the market end of the governance continuum. Some scholars have argued that market-based principles such as corporate social responsibility and self-regulation in the shadow of hierarchy can meet the challenges of sustainable development, offering dynamic change with an environmental and social conscience. For example, environmental and social reporting has appeared in some corporate reports, and some countries have begun to push corporations in this direction through legislation. In 1998, Norway introduced corporate environmental reporting as part of its financial reporting requirements, which are intended to increase awareness of environmental concerns and also increase market pressures on companies to change their practices (Ruud, 2005). In this vision, government's main goal is to enforce particular standards of transparency so that investors and consumers can make informed decisions.

Yet, while transparency is an important and admirable goal, reconciling corporate ethics with environmental and social goals is difficult. As Lucas Bergkamp has argued, 'Sharing responsibilities, by definition, results in confusing and diluting responsibilities and the corresponding procedures. Once corporations have accepted responsibilities for the public good, the government has a legitimate reason to intervene in corporate decision-making if corporations do not discharge those responsibilities adequately. Consequently, in the end, corporations will be managed by state bureaucracies or by stake-holder committees' (Bergkamp, 2002). By definition, Bergkamp argues, the goal of the corporation is to make a profit. While it may use tools such as corporate social responsibility as a method of competing with other firms, one should not expect a systematic use of corporate goodwill to have a significant impact on social and environmental problems. Henry Mintzberg, a management expert at McGill University, also maintains that a proper distinction exists between public and private realms. For Mintzberg, the problem is multi-fold. First, no matter how much information the consumers possess, the sellers almost always know more, and use that information to their advantage. Beyond incomplete information, three assumptions of business management 'collapse' under the assumptions of government: that particular activities can be isolated from one another and from direct authority; that performance can be fully, properly and objectively evaluated and that activities can be entrusted to autonomous professional managers based on measurable indicators (Mintzberg, 1996). In essence, both these authors are pointing to the fundamental differences between public and private responsibilities. Certainly, in some cases, one might question whether a particular service belongs in one camp or another, but a difference still exists. While market governance can play a role in some strict cases, relegating governments to policing transparency and making threats to markets offers limited solutions for environmental and social problems.

If one accepts that market and hierarchical forms of governance are inadequate for achieving change, one is left with public–private partnerships that fall under network governance. Certainly, from a sustainable development perspective, the idea of joint decision-making holds some appeal. Many pluralist theorists believe that increased participation by various groups is the only method by which better decisions will be made. A number of authors have argued that 'participatory democracy' results in either more just or more equal decisions, one of the fundamental aspects of sustainable development (Barber, 1984; Dahl, 1989; Hunold and Young, 1998; Schlosberg, 1999). Essentially, the argument is that when various groups are involved in the decision-making process they ensure the greatest degree of transparency in government, as groups consistently challenge each others' views and force information into the public arena. In addition, they supply the government with more information upon which to make better-informed decisions. This form of participatory democracy need not involve special-interest groups, a form of pluralism long since dismissed by proponents of participatory democracy. As David Schlosberg argues, participation can be built upon networks of groups working with each other to pressure government decision-making bodies. Not only do these groups pressure governments, but they also form relationships to solve local problems: 'New networks build not only on community relationships, but also on the relations established by past networks. At the base of networks are not simply shared

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interests, but more broadly shared experiences. Their origins demonstrate a politics of relations rather than a politics of isolated bodies of interest' (Schlosberg, 1999, p. 115). Networks appear and dissolve as required. Think of an alliance of groups determined to save a particular wildlife habitat, with members that would disagree on other issues, but can agree on this one – such as between Ducks Unlimited, a hunting society, and the Audubon Society, a bird-watching society, both fighting to save a particular area.

Of course, not all theorists believe that increasing the number of partners in decision-making leads to better decisions. An increased number of partners, some with different goals and approaches to a problem, may create unclear aims and goals. Unequal power between partners can also lead to allegations of collusion between powerful industrial groups and government to the exclusion of NGOs (McQuaid, 2000). Despite these difficulties, networks still represent a real shift to a new mode of governance that does not abrogate government responsibilities to social and environmental concerns completely to the market. Those partnerships that involve both markets and hierarchies – networks – are best able to achieve change.

Hungary's Historical Schisms

Breaking down hierarchies and introducing more dynamic market governance in Hungary has many theoretical advantages, especially since many believe the economy has been burdened by Soviet-style bureaucracy. The common assumption is that the pro-Soviet governments from 1947 until 1989 intervened heavily in the economy, leading to growing inefficiencies. While the economy may have grown during the 1960s and 1970s, this growth caused high debt and resulted in a weak economic base. By the early 1980s, the Hungarian government had to abandon its stated goal of full employment and cut many price subsidies (Pittaway, 2003). Public–private partnerships, within this context, appear ideal. From one perspective, economists would like to cut the size of the Hungarian bureaucracy to increase economic efficiency. Ceding responsibilities to the private sector could accomplish this. From another perspective, drawing in non-governmental interest could lead to more players in governing, hence increasing dialogue in a region where democracy has been weak. Yet, while public–private partnerships could help in theory, reality shows that the national government is hesitant to cede decision-making responsibilities to non-governmental actors.[4] In many ways, the reasons for this hesitation is related to the cultural and institutional settings in Hungary, and the fact that many of these policies are imposed or inspired by Western regimes not wholly aware of or concerned with local nuances.

Countries in Eastern Europe, unlike established regimes in North America and Western Europe, have less leeway to follow their policy preferences, and this is primarily due to the financial difficulties faced by these countries. In the transition to the European Union, for instance, Hungary found itself with the highest per capita debt load in the world, with external debts of around US$16 billion, representing around 50% of GDP. Most of these debts were owed to private banks around the world as opposed to its citizens. This meant that Hungary could not negotiate with other governments to have these loans forgiven and would need to find money to service these debts. The government of the time also felt they could not default on these loans, as this would have led to a poor credit rating, meaning further capital to build up infrastructure would be almost impossible to obtain. This meant that the Hungarian government would need to enlist the support of two major international organizations: the International Monetary Fund and the European Bank for Reconstruction and Development (Hanley *et al.*, 2002).

[4] Further study is required of alliances between NGOs, the private sector and local governments. However, these arrangements are not acknowledged by the national government to be public–private partnerships.

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According to Hanley *et al.*, 'Taking advantage of this structural dependence, international agencies progressively forced government officials to conform to a neoliberal model of the state that ruled out reliance on the traditional modes of intervention into economic processes and, more specifically, eliminated barriers to FDI [foreign direct investment] in key sectors of the Hungarian economy' (p. 131).

This quest for standardization without concern for local nuances extends beyond financial policy, as the European Union has demanded that Eastern European countries harmonize their policies to Union standards. Sándor Kerekes and Károly Kiss, in a discussion of the quest to harmonize environmental policies, demonstrate how regulations designed to deal with Western European-style pollution problems end up distributing funds in areas where they could be better used in other ways. They point to the city of Győr as a good example. In accordance with European Union directives, new water facilities were installed in the city; however, the newly built treatment centre proved highly inefficient, as the city did not produce enough wastewater. The under-use of this facility diverted funds from more critical areas and ended up creating huge losses with relatively little gain (Kerekes and Kiss, 2000).

Yet, while the direction of Hungarian public policy is often driven by bodies outside the country, little evidence suggests that public–private partnerships have been imposed on the Hungarian government. This does not mean, however, that outside influences are not felt. Vera Leiner, head of the division for public–private partnerships with the Ministry of Economy and Transport in 2004, suggested that the Hungarian government's latest policy recommendations on public–private partnerships are primarily inspired by European Union guidelines and are also based on a search of the Internet for various studies on the subject (using many studies from the United Kingdom on the Public Finance Initiative, for example). More important to look at, however, is how the political climate has influenced the reasons behind adopting public–private partnerships and also their structure. It is clear from the limited examples in Hungary that certain structures are considered unacceptable from a political perspective.

Hungarian public–private partnerships, at least those acknowledged and supported by the national government, can best be labelled as delegation of responsibility. The Hungarian government, under the direction of the Public–Private Partnership Division of the Ministry of Economy and Transport, has requested that all departments submit proposals for individual projects that can be tendered to the private sector. Each government department has installed a single contact person who examines various projects to see whether they can viably be placed within a public–private partnership framework, and then reports to the Ministry of Economy and Transport. Before projects are submitted for tender to private companies, an interdepartmental committee – made up of the Ministry of Finance, the Prime Minister's Office, the Statistics Office, the Ministry of Justice and the Ministry of Economy and Transport – reviews the project and advises parliament on whether the project should be approved. For projects over HUF50 billion (approximately €200 million), parliament must approve the project; for all those under this amount, only government officials need to submit their approval (interview, Leiner, 2004). All political decisions are made before the bid goes to tender.

The first public–private partnership in Hungary demonstrates this style of partnership. The Hungarian government gave the right to a private consortium to build, maintain and toll two sets of highways: the first 45 km of the M1 (from Hegyeshalom to Győr), a highway which stretches from the western Hungarian border to Budapest, and the M15, linking the M1 to the Slovakian border. This project was set up using a concession structure, allowing a local consortium to build and make use of the motorway. The private sector was expected to recover the costs for road construction directly from the fees that would be collected for its use. No public money was involved in the project, and the government's primary role was to manage the political concerns, such as determining the direction of the road and appropriating the necessary land. However, both political and economic problems developed soon after the completion of the project. First and foremost, the traffic forecasts for the M1 and M15 were wildly optimistic. Alongside the M1 – considered by some to have been the most expensive stretch of pay

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highway on a per kilometre basis in all of Europe – ran another stretch of single-lane road, highway 10. Many drivers chose to ignore the M1 in favour of this free stretch of road, which followed nearly the same path, but added only about 15 minutes to the trip. A parallel road along the M15, highway 15, was not considered as useful; however, given the high cost of the road, drivers simply could not afford to use the M15, and also spent extra time on the parallel road.

The government also experienced a political problem with these stretches of highway, as some drivers complained that those living in this region were being penalized with extra fees. Those driving on the other major highways in the country only had to pay a 'vignette' fee associated with all major Hungarian highways. Those people living along the road parallel to the M15 also complained about the extra traffic, and while the government attempted to limit trucks along this parallel route a lack of enforcement meant the problem went unresolved. In the end, the consortium that owned these two roads collapsed, and the government was forced to assume their ownership, bringing these roads under the vignette system (interview, Hodina, 2004).

The M5, running south-east from Budapest to Szeged, was also built and operated under the concession system by a French–Austrian–Hungarian consortium registered under the name *Alföld Koncessziós Autópálya Rt.* (AKA). However, unlike the M1/M15 project (which had not yet failed at this point), this highway required state subsidies before private industry would be willing to take on the project. The Hungarian government offered the consortium a 'considerable governmental contribution' including building permits and environmental clearance, land acquisition, existing assets (motorway sections and maintenance centre), new feeder roads, a standby-type operational subsidy and traffic-calming measures on parallel roads, which made the government's contribution to the project around one-third of its total value (Timár, 1999). However, while the financial situation with the M5 was not as dire as with the M1/M15 project, the government still experienced complaints regarding overuse of the parallel highway 50. The consortium was also taken to court by drivers with claims that the company was not providing proper value for the toll charged. In the end, political pressure forced the government to nationalize and incorporate the M5 into the vignette system along with the M1 and M15.

Given the economic and political problems associated with these two high-profile projects, the Hungarian government now believes that public–private partnerships using a concession structure are untenable (interviews, Hodina, 2004; Leiner, 2004). Highway construction using a public–private partnership format continues, however, with plans for a new 66 km stretch of highway from Dunaújváros to Szekszard, to be named the M6 (Dunaújváros is south of Budapest). Rather than letting private firms operate the highway, however, the government has decided to incorporate it into the current vignette structure. The construction contract will take on a DBO (design, build, operate) structure amortized over a 22-year period. Private industry will be expected to construct and maintain the road, but will receive payment from the government based on a point performance system.

Why use a public–private partnership model for building these roads? Restructuring government does not appear to occur with public–private partnerships, as decision-making structures have altered little beyond consulting with industry to see the viability of projects. In national-government-sanctioned public–private partnerships, NGOs and industrial groups are generally kept from the decision-making process. Minimal interaction does occur, as government solicits industry to see which projects they may be willing to assume. The Ministry of Economy and Transport sets up regular conferences to have these discussions. However, all of the political decisions are made before industry is consulted with a proposal. The idea of economic efficiency is discussed in the literature published by the department, and certainly there is some belief that private industry may be able to produce more economically efficient results than the government. However, the most significant reason for adopting public–private partnerships is the ability of the government to take on new projects 'off the balance sheet'. Essentially, because private groups and the banks are asked to assume the financial responsibility for projects, the

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government can start new projects without affecting the budget. Keeping items off the balance sheet is particularly important to the Hungarian government, as it wants to join the European Union's common currency and must meet its 3%-of-GDP budget deficit requirements.

When asked about involving various groups (especially industry) in the decision-making process, interviewees universally expressed doubt. As well, while some non-governmental groups have attempted to co-operate with the national government, the general belief is that this co-operation is an empty gesture to meet European Union directives on participation and to try to gain political support by demonstrating a willingness to engage in dialogue. Distrust amongst groups is high, which leads to confrontation. For example, local NGOs such as the *Levegő Munkacsoport* (the Clean Air Action Group) have used the courts to attempt to stop a project to expand the subway system, which they consider to be ill-conceived spending on public transportation that will have dubious benefits (interview, Lukács, 2004). The court system was also used by those opposed to the M1, M5 and M15 fees, as mentioned earlier.

Successful public–private partnerships with joint decision-making must have two important characteristics: (1) public partners with the same strength as their private partners and (2) trust. A commission on public–private partnerships by the Institute for Public Policy Research in the UK argues that successful partnerships that do not undermine service quality and accountability need 'a strong public sector purchaser able to shape, regulate and integrate the market for service provision' (Commission on Public–Private Partnerships, 2001, p. 135). Fredrik von Malmborg, in a valuable study on the application of public–private partnerships in Sweden, also demonstrates the importance of strong public actors. He shows that public–private partnerships geared towards sustainable development are initiated and driven by public actors with these interests in mind (von Malmborg, 2003). Yet, this study has shown that the Hungarian government joins partnerships from economic necessity rather than as a means to more effective policy implementation. Trust also appears to be in short supply. Hungary is a country with a short history of relations with privately owned businesses and little participation in government outside the ruling party. Citizens' concerns have also been ignored in the Communist-era regimes after the Second World War, leading to distrust and conflict with government authorities. Public–private partnerships, in this context, can hardly be expected to bring participation and sustainable development closer to reality.

Conclusion

With regards to sustainable development, public–private partnerships can help in cases where more groups are involved in the political process – this means PPPs involving network governance. However, it remains unclear whether developing countries such as Hungary can successfully adopt the types of partnership necessary to break down hierarchies and bring about more dynamic government. Arguably, the national government does not yet have the strength to initiate network governance properly. Perhaps for this reason, partnerships between government and industry are formal and contractual, without much leeway for joint decision-making.

Partnerships involving joint decision-making need participants who share common interests and goals. They require those involved in the partnership to act as colleagues. However, in the end, government and industry in Hungary do not play this role. Of course, a number of questions still remain. Will public–private partnerships focused on hierarchy eventually generate levels of trust that can lead to more network forms of governance and partnership? Can these levels of trust be generated when industry is primarily owned outside the country? Is joint decision-making an important goal in a country where the most significant changes to the policy process are driven from above (mostly from the European Union) rather than pressure from below?

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