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From the editors

Public administration is, as Woodrow Wilson writes in 1887, government in action. Government comes into existence, according to Aristotle's famous phrase, for the sake of life – for our protection –, yet it exists for the good life. The good life is the reason we have governments. Can we have a science about good government actions – about good public administration? Public administration as a discipline of contemporary scholarly inquiry emerges precisely from the need to design better government actions and from the need to know what makes government actions better, and why. This is the beginning of *Kameralwissenschaften* in 17th century continental Europe epitomized by the publication of Veit Ludwig von Seckendorff's *Der Teutsche Fürstenstaat* in 1656. This tradition climaxes in 19th century German *Staatswissenschaften*, which is, however, also a decidedly Estonian tradition: some of the most important representatives of the late 19th century German *Staatswissenschaften* (Wagner, Lexis, Stieda, Laspeyres, Bücher) worked at one point in their career in Estonia. *Halduskultuur* firmly positions itself within this tradition which, by default, means openness to other traditions, schools and also cultures and languages.

Halduskultuur is a peer-reviewed multi-language interdisciplinary journal of administrative studies. The journal publishes contributions in the languages of the region: Estonian, Finnish, German, Russian, and also in English, the lingua franca of our times. The journal appears annually.

Halduskultuur is also an annual conference. The journal features the best papers from the conference. The 2008 conference concentrated on Europeanization of Public Administration.

The final essay is by Geert Bouckaert, Professor of Public Management at the University of Leuven, who on 17 September 2008 received an honorary doctorate from Tallinn University of Technology “in recognition of his merits in the development of public management studies in Central and Eastern Europe, support of the field in Estonia and especially at TUT, and the promotion of scholarly co-operation.”

Lisbon Agenda and Public Administration

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ABSTRACT

This essay analyzes the role of Public Administration (PA) within the Lisbon Agenda (LA), both on the EU and the Member States' level and as concerns both the administration of the LA and general PA. It argues that overall, PA has been neglected or reduced to policy, finance, and a simple strife for 'modernization' and 'innovation' in the LA and the surrounding discourse until very recently, which is all the worse because without high-quality PA, the success of the LA is impossible. The essay suggests that, when PA reforms are discussed, they generally follow the old-fashioned approach of the New Public Management, which by now has proven to be a failure. It is argued that, rather, a successful PA strategy for the LA has to heed the principles of the Neo-Weberian State, which in addition to everything else is particularly appropriate for any innovation-based development agenda.

Key Words

Lisbon Agenda, Public Administration, Public Management Reform, Neo-Weberian State, New Public Management.

1. Public Administration and the Lisbon Agenda, 2000-2007

The life-world of the Lisbon Agenda, today's Europe, can be described as a primarily administered environment. In spite of all criticism of the public sector and its organization, it retains its significant, often dominating role in economy and society. It is therefore baffling that the original Lisbon Strategy does not address this subject at all, nor was this remedied in the Kok Report or any other documents until 2005. In that sense, public administration was the missing dimension of the Lisbon Agenda.

Only from 2006 do we see a trickle of mentions of public administration in Lisbon Agenda-related documents, especially as concerns its role in innovation (which is very different from 'innovative practices in public administration'). The Implementation Report 2006 states that there is a role of the public sphere in the innovation process (17), and the Lahti conclusions (2006, 6-7) likewise acknowledge

this role. In all the documents that mention the Lisbon Agenda, including later ones, even if they are not factually linked, the same tendency is visible: A focus on e-government, public procurement, and innovation (usually very loosely understood).

2. The European Public Administration Network

At the same time, in Lisbon Agenda scholarship, too, neglect of public administration was the case; there was virtually no attention given to the subject matter. The main exception is the work by Seppo Määttä (2004, 2006), which is very strongly policy-oriented. This work was done in the context of the one institution that has addressed the topic fairly early on, EPAN (or EUPAN, the acronym seems to vary), “an informal network of Directors General responsible for Public Administrations in EU member States and European Commission” (<http://www.eupan.org>), which is in fact the main institution on the European level, if with no legal basis or staff and completely voluntary, to deal with the issues.

During the Luxembourg presidency, and chaired by it, EPAN formed an ad-hoc group on the Lisbon Strategy that worked for half a year in 2005; the results (EPAN 2005) do not seem adequately reflected in the further discussion of public administration within the Lisbon Agenda in the EU context.

The “Wassenaar Memorandum of Understanding” (November 2004) had established the Lisbon Agenda as a main point of reference, arguing for “the importance of an excellent functioning public administration as a contributor to realising the Lisbon Strategy.” (EPAN 2005, 22) The final report of the ad-hoc group states that “Implementing some of the key Lisbon priorities depends on a highly competent, professional and competitive public administration, being characterised by effective governance structures, innovative and effective policy-making practices and a performance oriented service delivery. In this sense the national public administrations are to be considered as important enablers for reaching the Lisbon targets.” (5)

What we can learn from the EPAN and Määttä is the significance of public administration for the Lisbon Agenda in its different aspects (to which we will later add public administration’s key role in innovation):

Table 1: **The significance of public administration for the Lisbon Agenda**

Public administration...

General	In the EU	For the Lisbon Agenda
as a central part of public governance	as the largest employer in the EU	as the main service provider especially in the key areas of the Lisbon Agenda (education, health care, social protection)
as context creator for citizens and businesses to act	as a large spender/purchaser (more than 15% EU GDP overall)	... and governments as the designers of the Lisbon Agenda
as service provider (hindering role as well as positive one)	as the largest single industry in the EU (45% EU GDP overall)	

(EPAN 2004, 2-3; Määttä 2004, 4-6; 2006, 29, 58-59)

3. Public Administration in the Lisbon Agenda today

By 2008, public administration still plays a very minor role in the Lisbon Agenda context, but it now does play a role, much of it a result of the Portuguese presidency's initiative in this field. There have been specific meetings and policy papers (Initiatives 2007), especially as regards the Member States and the National Lisbon Programmes; and public administration is an issue, if not a top priority, in the results report of the presidency as well. (Preparing 2007)

We can categorize public administration as it relates to the Lisbon Agenda into four basic categories:

Table 2: **Categories of public administration in the Lisbon Agenda context**

Public administration	of the Lisbon Agenda	in general
on the Member States' level	1	2
on the EU level	3	4

If we do so, we see that the current focus is almost exclusively on 2, with some attention to 1 and none to 3 or 4. We can further say that none of the Lisbon-related public administration documents address the structure and organization of public administration, except in very general terms; partially, this may have to do with the highly national quality of the civil service structure. Rather, tools and methods have been the main focus. A link to the current debate about the shifting character of the public administration paradigm, especially in Europe, seems to be almost completely missing; this short paper will attempt to supply it.

If we look from a public administration perspective at all the papers and documents mentioned, we also notice three significant aspects: public administration is generally viewed synonymously with public policy, and it is understood within a (public) finance framework, mainly aiming at its reduction and (streamlining, customer-oriented) reform, often said to (indirectly) aid the innovation process. We also see that what is striven for is throughout a 'modernization', so as to arrive at 'modern' and 'innovative' public administration. And in general, it seems that institutions are seen more as barriers to growth and innovation than enablers.

3.1 Policy

Even, perhaps especially, the very best documents connecting public administration and Lisbon Agenda do so from a policy perspective. For instance, Maria João Rodrigues' proposal (2008) for improving public administration for the Lisbon Agenda focused exclusively on planning and strategic management. (9-17). Even when taking into consideration the many problems with strategic planning, this is undoubtedly important, but it does not address the main issues of public administration. The same, if on a much more tool-based level, is the case with all other documents as well, best perhaps in Määttä (2004, also 2006). Obviously, then, there is a tacit conflagration of public administration with public policy. Yet, while the two overlap and always have overlapped, the clear recognition of public administration,

its basically implementational character, the difference between administration and policy (Hegel 1821, § 287 is the classic statement), is important to retain in order to keep one's focus on questions of staff and organization – the 'who' rather than the 'what', because there is no 'what' without the 'who' –, indeed of civil service structure, because administration is not policy but its exercise. A concentration on policy obscures the nature of and demands on administration itself, to the detriment of whatever the project at hand is. So, in the Lisbon Agenda context, while policy is important, it is necessary to look at public administration proper in order to see who implements it, and how.

3.2. Finance

As regards the finance context, a particularly strong example is an ECFIN (Directorate General for Economic and Financial Affairs) paper preparing a meeting on these issues (Initiatives 2007), where public administration reforms are seen, fundamentally, as a money-saving device, together with lifting a bureaucratic burden. The final report of the Portuguese presidency on the Lisbon Agenda (Preparing 2007), in turn, lists a "need for stronger action" in public administration, specifically "public administration modernization", (Preparing 2007, Main Outcomes, 1) but the statement remains largely fiscal: "The modernisation of *public administration* is key to improve efficiency and effectiveness of public finances." (3) Reported as a main result of the 2822nd Council meeting is "the reform and modernisation of public administration. The conclusions highlight the importance of such initiatives in enhancing competitiveness, delivering better services, achieving better value-for-money and ensuring the control of government expenditure, and thus meeting the objectives of both the Lisbon strategy for growth and jobs and the stability and growth pact." (2) The following statement is typical: "The Council discussed Member States' experiences of modernising public administration in the context of the quality of public finances." (12) It does address "a re-organisation of public administrations" (12), but what this should look like, and why it should take place, is not specified. It even recommends having the Ministers of Finance play a key role in public administration reform (12), a move that historically has almost universally led to disaster, because ministries of finance are by their self-logic interested in cost-cutting, neither in value-creation nor in the support of innovation. Finally, public administration is mentioned in the March 2008 Presidency Conclusions only in the context of improving the quality of public finances. (3) However, public administration can only be judged, in financial terms, by the wealth it creates, and so the question is not how much can be saved here, but how much return one receives from investing. (This is of course difficult to ascertain, let alone measure, but this does not affect the principle.) To save by cutting public administration may be foolish if this leads to lower productivity, entrepreneurship, innovation, or economic development – and there are good reasons to think that such a connection exists.

3.3 'Modern' and 'innovative' public administration

Most importantly, however, what is emphasized in general and overarching as a claim is the need for a 'modernization' of public administration. Every single document that addresses public administration talks about 'modernization'. However, what does 'modern' really mean? Almost no document gives as much as a working definition of the concept, and the one that does, "Intitiatives" (2007, 4), states that "In a broad sense, the modernisation of public administration can be defined as reform measures aimed at improving the quality of governance and at raising the efficiency and effectiveness of public service provision." This is both highly reductionist and completely vague, because neither is merely the quality of public administration the issue, nor is public administration exhaustively described by service provision.

In any meaningful sense in this context, 'modern' can not mean anything specific, but 'in line with the times', 'in line with the current situation.' 'Modern' in the sense of 'new' is surely not only an ambiguous, but also a highly ambivalent concept by now, after the experiences of the 20th century – would a totalitarian shift away from democracy be better because it was the new thing? What, if not 'appropriate for the circumstances of the times', could 'modern' mean except merely 'fashionable'? What would be bad about an appropriate, well-working, traditional solution? What is appropriate, however, depends on the times and the situation, and the problem is that the vast majority of claims in documents surrounding public administration use 'modern' to denote a concept that is exactly *not* in line with times and situation at all.

In addition, as in so many areas of the public discourse during the last decade or two, what we generally see is a very loose deployment of the concept of innovation. Innovation, however, has to be understood quite strictly – in a basically Schumpeterian sense (see only Schumpeter 1928, 374-385), of course with some modifications and additions – if the effects, the reasons why innovation is so important and central, not least for the Lisbon Agenda, are going to be harvested at all. Within and concerning the public sector, the use of the term is just that of wielding a cliché – it means 'something new', nothing more, interchangeable with 'modern'. Yet, again, in public administration, it is definitely enough if some arrangement works, or works well; there is no reason that it has to be new, let alone genuinely innovative, if this is possible at all. Surely, the public sector has to go with the times, it is not immune to the demands of the "new best practice" in organization (Perez 2002, 7-8, 15-16, 114), but this is vastly different from being innovative in itself. Innovation is about profit, and the task of the state is neither to make money, nor to save it, but – as one aspect – to see that it can be, and is, made.

In the public administration context, this is no light matter, *a fortiori* as far as the Lisbon Agenda is concerned, with its emphasis on an innovation-based economy. The problem is that within public administration, the paradigm, as has already been mentioned, has changed in the past few years, yet the Lisbon Agenda public administration discourse does not reflect that change. Rather, it is heavily retrospective and basically presents a public administration that is – not in specific areas, such as e-Governance, but in principles and structure – designed to solve the problems of the 1970s and 1980s, whose chance of coming back is very slight indeed.

4. The New Public Management and its demise¹

Within public administration, the most important reform movement of the last quarter of a century has been the New Public Management (NPM), the basis of all Lisbon Agenda public administration initiatives, as it seems. NPM is the transfer of business and market principles and management techniques from the private into the public sector, symbiotic with and based on a neo-liberal understanding of state and economy. The goal, therefore, is a slim, reduced, minimal state in which any public activity is decreased and, if at all, exercised according to business principles of efficiency. It is popularly denoted by concepts such as project management, flat hierarchies, customer orientation, abolition of career civil service, depolitization, total quality management, and contracting-out. Transparency, citizen involvement, and decentralization are not part of the original core of NPM, both theoretically – because the NPM's focus on the apolitical rule of the expert makes them more difficult and because they do not necessarily contradict previous forms of public administration at all – and empirically.

NPM comes from Anglo-America, and it was strongly pushed by most of the International Finance Institutions such as the World Bank and the IMF. It originates from the 1980s with their dominance of neo-liberal governments and the perceived crisis of the Welfare state and its financing, but it came to full fruition in the early 1990s. On the one hand, NPM was a fashion phenomenon within public administration scholarship and practice, which explains much of its power; on the other, it was a genuinely ideological concept.

As important and, though more rarely, as successful as several NPM-inspired reforms of the public sector might have been and still may be, what one notices first when looking at the public and private spheres is the difference, not the similarity. The state is denoted primarily by its monopoly of power, force, and coercion on one side and its orientation towards the public good on the other; the business world legitimately focuses on profit maximization. The use of business techniques within the public sphere thus confuses the most basic requirements of any state, particularly of a Democracy, with a liability: regularity, transparency, and due process are simply much more important than low costs and speed.

This is why respective economic and especially management-theoretical insights could only establish themselves after the end of the dominance of the NPM, which as genuine ideology was not open even for arguments stemming from its own leading method. NPM reforms created, for instance, quasi-markets within administrative organizations in order to create market behaviour: yet, such behaviour can only develop in genuine and not in quasi- (i.e. pseudo-) markets. (See König 2001, 6-7) Another example is the problem of the concept of performance pay vis-à-vis the demands of multitasking and motivation through identification with the organization (Akerlof and Kranton 2003, esp. 9-11, 27-29); as Lawrence Lynn, Jr., has recently

¹ A substantial part of this segment has already been published in this very *journal*, if in a longer version and regionally specific, within an earlier essay of mine (Drechsler 2005a); it is retained here so as to retain context and argument. I have developed the same thoughts, and often the same formulations as well, in Drechsler 2005b and 2008a.

pointed out (see Drechsler and Kattel in Pollitt et al. 2009), if any concept in the social sciences is disproved, it is that of performance pay – and yet it is politically pushed and implemented – also very frequently within the Lisbon Agenda context, at least in theory.

In advanced public administration scholarship itself, then, especially – but not only – in Europe, NPM is heavily on the defensive by now, if taken as a world view (i.e. an ideology), rather than as one of several useful perspectives for public administration reform (i.e. a tool box). What was an option ten years ago is simply not an option anymore today. One could say that in public administration

- around 1995, it was still possible to believe in NPM, although there were first strong and substantial critiques
- around 2000, the year of the Lisbon Agenda, NPM was on the defensive, as empirical findings spoke clearly against it as well
- around 2005, the year of the mid-term review, NPM was not a viable concept anymore

In other words, it has become quite rare in the last five years, and is becoming rarer still, to see articles in the very top journals, or essays and keynote addresses by the very top public administration scholars – especially in Europe, but also in the United States –, based on, or implicitly assuming the validity, of NPM. Yet, in many areas, both of scholarship and of the world, and particularly in policy, NPM is very alive and very much kicking (i.e. the farther one is from academe, Europe, or international and central government, the first element being the most crucial). This is also true on the level of the EU and many Member States, where it fits some strings of the dominating world view(s). Nevertheless, especially on the local and regional level, many communities have in recent years, and after careful deliberation, acted against NPM reforms, even in traditional NPM strongholds. The justification for stopping the NPM reforms by the city of Dübendorf, Zürich, Switzerland, sums up the reasons very nicely: “no improvements of efficiency, effectiveness nor quality could be attributed to NPM reforms.” (Noordhoek and Saner 2005, 38)

5. The Neo-Weberian State

The counter-model to NPM, indeed its *bête noire*, is what is called ‘Weberian public administration’. This label is highly problematic, as NPM presents a caricature of it and thus builds up a paper tiger. Apart from the caricature, for Weber, the most efficient public administration was a set of offices in which appointed civil servants operated under the principles of merit selection (impersonality), hierarchy, the division of labour, exclusive employment, career advancement, the written form, and legality. This increase of rationality – his key term – would increase speed, scope, predictability, and cost-effectiveness, as needed for an advanced mass-industrial society. (Weber 1922, esp. 124-130)

It seems that fundamentally, with all its weaknesses, the Weberian model still seems to be the best around, and it is certainly superior to the NPM – it is, to borrow

the Churchillian phrase, the worst form of public administration except all others. The connection between Weberianism and economic growth seems, in any case, very close. (See Evans and Rauch 1999) Nevertheless, the optimal administrative structure of our times does not consist of a simple rehash of the organization principles of the mass production paradigm, whose weaknesses are amply known – from excessive legalism via genuine bureaucratism to genuine antagonism to innovation and the economy. NPM also offers quite some – i.a. managerialist – elements and even larger principles which ‘as such’ could be judged positively, as long as they do not form the basis of the system, and there have to be some adaptations for the current times and their different challenges, demands, and socio-intellectual context.

This is why the currently most discussed model for the administrative paradigm that follows NPM, i.e. ‘post-NPM’, is not a return to the previous one, but according to the concept of Pollitt and Bouckaert of 2004, the so-called Neo-Weberian State (NWS), a fortuous metaphor describing a model that co-opts the positive elements of NPM, but on a Weberian foundation, i.e. that both are asymmetrically *aufgehoben*. (Pollitt and Bouckaert 2004, 96-102) One can briefly sum up the NWS as follows:

Table 3: The Neo-Weberian State (summary)

Neo-	Weberian
Shift from an internal orientation towards bureaucratic rules to an external orientation towards meeting citizens’ needs and wishes. The primary route to achieving this is not the employment of market mechanisms (although they may occasionally come in handy) but the creation of a professional culture of quality and service	[but:] Reaffirmation of the role of the state as the main facilitator of solutions to the new problems of globalization, technological change, shifting demographics, and environmental threat
Supplementation (not replacement) of the role of representative democracy by a range of devices for consultation with, and direct representation of, citizens’ views (...)	[but:] Reaffirmation of the role of representative democracy (central, regional, and local) as the legitimating element within the state apparatus
In the management of resources within government, a modernization of the relevant laws to encourage a greater orientation on the achievements of results rather than merely the correct following of procedure. This is expressed partly in a shift from ex ante to ex post controls, but not a complete abandonment of the former	[but:] Reaffirmation of administrative law – suitably modernized – in preserving the basic principles pertaining to the citizen-state relationship, including equality before the law, legal security, and the availability of specialized legal scrutiny of state actions
A professionalization of the public service, so that the ‘bureaucrat’ becomes not simply an expert in the law relevant to his or her sphere of activity, but also a professional manager, oriented to meeting the needs of his or her citizens / users	[but:] Preservation of the idea of a public service with a distinct status, culture, and terms and conditions

(Pollitt and Bouckaert 2004, 99-100)

The NWS was intended as an empirical-analytical, not as a normative model, and one of its creators, Pollitt, is quite self-critical about several of its aspects (see Pollitt in Pollitt et al. 2009), but it stands so far as one explanatory model of what is going on in Europe, and it does not throw good managerialist – and participatory – babies out with the NPM bathwater. It does still form a research agenda, but in lieu of anything better, it significantly helps our understanding of contemporary public administration.

6. The Neo-Weberian State and innovation

But why is the NWS so particularly appropriate for the Lisbon Agenda? This is because it is the perfect match for an innovation-based society, contrary to NPM. When dealing with innovation-based economics, the foundation, after all, of the Lisbon Agenda,² what none of the papers and documents mentioned seem to see is the immense push-pull function of what is after all a state-based socio-economic development programme that asks for, draws upon, and requires a highly competent, long-term-oriented, dedicated and enabled civil service to implement it – “the Lisbon strategy does not happen by itself” (Määttä 2006, 52; see 59) – not without the societal actors either, but certainly not without public administration. To say that “Empirical research indicates that modern and efficient public administrations have a positive impact on productivity and growth” (Initiatives 2007, 3) is by far too little; it is *effective* public administration that has this effect, and it is more than a positive impact, but rather a *conditio sine qua non*. Innovation in the general interest, rather than that of an individual entrepreneur, is a question of successful innovation policy, and who should implement that if not the administration? *L’innovation, une affaire d’état*, as Claude Rochet puts it succinctly. (2007)

If we follow Carlota Perez’ great surges theory and her model of Techno-Economic Paradigm Shifts (2002), we can also observe that, as we are in the middle of the ICT paradigm and heading towards a new one in the distance, at this moment, after the collapse and before heading towards “synergy”, state and administration are expected to take up their great tasks again, and the anti-state climate of the earlier installation period of ICT is, or should be, over. And whatever the new leading technology will be – nanotech, biotech, convergence or something completely different – its setup will require a particularly capable state actor and a science and technology policy implemented by a civil service that is denoted by long-term thinking, high competence and tolerance for mistakes – the opposite of NPM. (Drechsler 2008b)

Finally, it should be emphasized for the current paradigm, that of ICT, that e-Governance and NPM are actually not related, as is usually assumed because they seem to share certain features. (See Dunleavy et al. 2005) Even almost none of the traditional Weberian categories become obsolete through ICT (potentially, exclusive employment does, which may be a problem for the nucleus of civil service), some – such as the written principle and division of labour – are actually enforced. In the

² In that sense, I see things the other way round from Erik S. Reinert’s, who sees in the Lisbon Agenda “the Schumpeterian icing on a solidly neo-liberal cake” (2006, 128); I see neo-liberal icing on a Schumpeterian cake, but I agree that for some time, to stay with the metaphor, the icing has started to suffocate the cake.

most prominent case of hierarchy, there are mixed dynamics, as it is weakened by network models of organization but strongly enforced via the extreme control and coordination capabilities of ICT. But in sum, e-Governance and the NWS can reinforce each other, and in fact seem to do so.

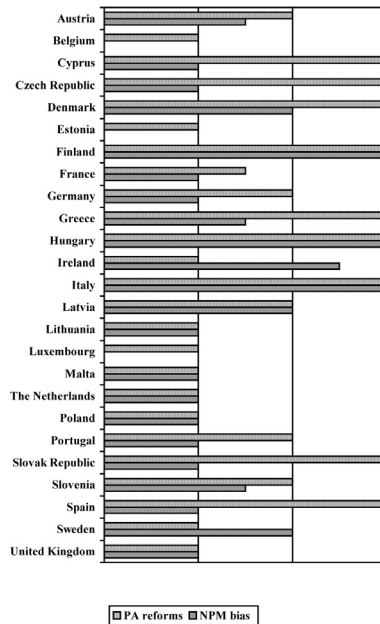
7. Public Administration and Lisbon Agenda

And yet, in the papers mentioned so far, as we can see, NPM is clearly still the basis of all public administration considerations, if often already in a weakened form (such as in Määttä 2006 and Initiatives 2007), but a reorientation towards the NWS, or toward any post-NPM paradigm, has not taken place yet.

7.1 In the Member States

But what do the public administration reform initiatives in the Member States look like? While the “Initiatives” paper gives some descriptions and a narrative list of the measures (2007, 4-10, 13-14), a more comparable list would be helpful to see what happens, and thus, Thomas Duve has investigated this³ with the following results:

Table 4: **Public administration reforms and NPM bias in Member States’ National Lisbon Programmes, 2006**



(Duve 2008, based on National Reform Programmes 2006)

³ Duve 2008; quantitative-qualitative study (in the context of the Estonian Science Foundation project, “Public Administration and Innovation Policy”, Tallinn University of Technology), looking for the frequency of general public administration reform keywords and then NPM ones in the 2006 National Reform Programmes (most recent available data, estimate for France, as the French programme is not available in English).

Contents-wise, e-Government initiatives (against which really nobody will put up resistance anymore) and one-stop shops (which are, in the end, NPM tools but good ones, if rather obvious and simple) as well as the reduction of bureaucracy are the dominant features. We do see, however, some tendency that countries with strong public administration reform activity also verge towards NPM.

The strongest NPM protagonists according to this study, Finland, Hungary, and Italy, are interesting in that they are very different. The Finnish model is to a large extent *sui generis* and happens on a very solid basis that can 'afford' NPM; also, in the Finnish scholarly public administration discourse, the end of NPM is very well understood, and the tendency, except perhaps on the municipal level, is ending – Finland is not for nothing by most indicators the most successful country in Europe, if not the world.⁴ As regards Hungary and Italy, further studies are necessary, but it may not be too far off the mark to lump these initiatives under the heading of politics and rhetoric; both have very strong, classical systems (in the case of Hungary, consciously created after Weberian models; Italy, rather pre-Weberian) which do not seem to give way to fundamental reforms at the moment.

One should generally consider that (a) these are, again, programmes and not actually implemented reforms, which tend to be very different in public administration, that (b) it is never clear which kind of public administration reforms were already pursued and then written into the Lisbon Agenda reports, and that (c) the reports are usually compiled decentrally by all national ministries, so that in countries where no ministry is in charge of public administration, nothing will be listed either. Nonetheless, what we do see, no doubt, is an influence – if perhaps only declarative and performative – of the EU, via the Commission, on national administrations on the basis of the Lisbon Agenda. The ample literature on the Europeanization of national administrations has not touched this matter yet, but this may only be a matter of time. If we look at our matrix, we see that the focus was mostly on category 1, public administration as such on the Member States' level; the issue of specific Lisbon Agenda administration, category 2, is not really considered yet, either.

7.2 In European Union administration

But if category 1 is neglected, we do not find anything about public administration reform on the EU level, i.e. as regards the administration of the Lisbon Agenda by the Commission and the EU administration itself. (From the Commission's point of view, while categories 1 and 2 do not have a responsible Directorate General; 3 – practically to a very small extent – and 4 are located in the DG Admin, the DG for Personnel and Administration; responsible Commissioner is Vice President Siim Kallas.)

⁴ For me personally, it was clear that NPM had ended when a leading civil servant in the Finnish Ministry of Finance emphasized to me that Finland would use NPM tools rather than the ideology, and when a PhD student from the University of Helsinki referred to certain faculty members as holding "traditional" views, with which he meant NPM.

We may say that there is no thinking about Lisbon Agenda administration within the Commission, category 3, at all, or at least it is not visible – except the Open Method of Coordination (OMC) –, but that category 4 has been a subject of great attention, especially because this is also a popular issue (in the sense of a genuine general popular animus against “the bureaucrats in Brussels”). It is well-known, or at least the general opinion, that basically, the EU staff formed a Continental civil service system, even among French lines, and proverbially bureaucratic. Partially to cater to fashion and driven by scandal, partially for serious reasons, there have been serious reforms, especially under the previous Commissioner in charge, Neil Kinnock, in 2000. (Kinnock 2004) More or less, these were managerialist reforms along NPM lines that were imposed from above. (Bauer 2006, 276-277; see Kassim 2004) EU scholarship has basically praised the Kinnock reforms, either as a success or, if not, then as well-intended. (See, e.g., Bauer 2006, Kassim 2004, Stevens and Stevens 2006, more cautiously Levy 2003)

But by now, some shift, if not explicitly, towards the NWS is visible here as well. Commissioner Kallas, historically very sympathetic to NPM reforms, has recently emphasized that at least the senior civil service of the EU will remain a career system and will be, in fact, even more so than it has been in the past, with a strong emphasis on career advancement, identity, motivation, and precisely not recruitment from the Member States which has led to all kinds of problems, including cultural adaptation. (Kallas 2008; cf. Bauer 2006 for the previous situation) In part, this is seen as a reaction to the problems of the Santer Commission’s stepping back after the Cresson scandals in 1999. In spite of all the NPM tools tried, what we can see here is a return to classically Weberian patterns (also echoing Akerlof) with a clear goal in mind, never mind what tools it takes to accomplish it. A transfer from these insights to the Member States may, however, take a while, because this could look to some not as a genuinely progressive shift from NPM to the NWS but rather as a turn backwards to bureaucratic rule.

8. Prospects

In sum, in spite of a change of focus for the good, we may say that the public administration context of the Lisbon Agenda is still not adequately represented. What is necessary, first of all, is to realize the importance of public administration for the Lisbon Agenda – it cannot succeed without high-quality public administration. Then, it needs to be clear that public administration is not policy, that it is not there to save money but, if anything, to enable the creation of wealth, and that ‘modern’ should mean ‘appropriate for the times’. If one then considers the advances of public administration scholarship, it will be very clear that what is needed for the Lisbon Agenda is a kind of public administration that is NWS-based – on the EU level as well as on the Member States’ one.

As regards the latter, again, this is a contentious subject because the field is seen, partially rightly, as a national specific that should not be interfered with by the EU. On the other hand, if the success of the Lisbon Agenda hinges on high-quality public administration, then this is an issue that concerns the entire EU, and therefore there is a certain mandate as an outcome of the Portuguese presidency as mentioned

above (Preparing 2007, Main Outcomes 3), even if listed under ‘modernization’, stating that public administration reform should “undergo regular analysis and exchange of best practices in particular in the context of the Lisbon National Reform Programmes.”

Yet, there is a genuine ambivalence as to whether one should not rather be happy that the Lisbon Agenda did not contain any reference to public administration reform. By and large, the impression one gets when reading those texts is that even many of those who supported the Lisbon Agenda favoured NPM, while depicting classical, ‘Weberian’ public administration – to which they inevitably belonged – as the enemy, partially for lack of information regarding public administration, but often with the best intentions. But only if proper attention to public administration specifics is guaranteed, then an OMC-like process regarding Member States’ public administration would make some sense. If so, it would therefore be important to coordinate it at the top with an office that has the capacity to deal with and focus on public administration, viz. with the commissioner in charge of public administration.

The Lisbon Agenda both requires and supports, in the sense of push/pull, the NWS and needs to change into this direction. This may be all the easier as NPM is not ‘cool’ anymore, but it requires a certain shift in emphasis and understanding. For the sake of the latter, the following development of concepts can be suggested:

Modern	⇒	Appropriate
Innovative public administration	⇒	Innovation-enabling public administration
Saving money	⇒	Return on investment

The key to the success of any strategy like the Lisbon Agenda is to have the administrative capacity and competence of the responsive and responsible state actors to implement it. The optimal solution for this today is a genuine post-NPM system, Weberian-based but with the lessons from NPM learned, which – and this is not less right for being a cliché – puts the human person into the centre of administrative decision-making, i.e. one that is in line both with the Lisbon Agenda and its goals, with the final goal of the Good Life in the Good State. (See Drechsler 2001) Whether it is the Neo-Weberian State itself or some modification thereof, or another model altogether, remains to be developed. “Putting knowledge into practice” (2006, 2) makes the one positive reference in our context to the EU’s “tradition of a strong and responsible public sector, which should be capitalized on.” For the sake of the success of the Lisbon Agenda and of Europe generally, it is time that this insight is acted upon.

9. Postscript

As this article goes to press, in mid-February of 2009, the global financial meltdown, of which we have not seen the worst yet, has radically altered the context in which both Lisbon Agenda and Public Administration in Europe take place. The return of the state into the economy, on a scale unimaginable when this paper was

delivered, has strongly corroborated and reinforced its basic tenets but has also made them somewhat trivial and superannuated. However, there are still those who believe that a state with so many additional tasks in the economic sphere can do so without a genuinely competent and motivated civil service, and that cutting public expenditure at least in this realm is still a good idea (and this seems to include, more's the pity, some of the institutions charged with containing the crisis). Naturally, however, whether one likes the new big state or not, it is not only inevitable, but it is already there – and it is in the interest of everyone, anywhere (excepting a few profiteers) that it is well-administered. This good administration, I think, clearly needs to be built along Neo-Weberian lines, both on the EU and the Member States' level, and most certainly cannot be based on NPM, which in addition to everything else is the PA ideology that represents the thinking which has substantially contributed to bringing the current crisis about to begin with. In fact, the best hope for managing both the crisis and later recovery well on all levels is the 'Return of the Mandarin', i.e. of a highly capable, responsible, motivated, long-term-oriented senior civil service, among other Neo-Weberian and indeed classical Weberian institutions. Why this is so is, it is to be hoped, still shown in a relevant way by this article.

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Local and Regional Governance in Finland A Study on Institutionalisation, Transformation and Europeanization

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ABSTRACT

Europeanization has become a popular concept among scholars of European studies. It orchestrates concepts from European integration theory, comparative politics and public policy analysis and links the field of European studies with other academic fields. Empirically, it is used for studying the impact of membership in the European Union (EU) on domestic policy making. As far as the country and region this article deals with, namely Finland and the Nordic countries, are concerned, only a few studies have been produced.

Institutionally, Finland does not yet have an independent administrative meso-level and the central state controls agencies and institutions at the regional level, such as the Employment and Economic Development Centres and the State Provincial Offices. The Regional Councils – some scholars see them as coming closest to being “real regions” – were created after Finland joined the EU in 1995 and have been empowered thereafter but, according to some practitioners, sometimes fail to act as coordinators of different actors in the regions.

In implementing public policies, the status of actors in regional governance depends on the willingness of the central state to loosen its grip but also on the willingness of regional actors to cooperate with each other. There are differences in terms of power potentials in regional governance. As concerns the implementation of ERDF-funds, in the view of some scholars and practitioners, the central state by no means easily vacates its powerful position. A contrast is rural policy and LEADER+, where the so-called local action groups can act fairly well outside the shadow of the hierarchy.

Introduction

Europeanization has become a popular concept among scholars of European studies. As a theoretical concept, it orchestrates concepts from European integration theory, comparative politics and public policy analysis. It also links the field of European studies with other academic fields. As an empirical approach, it is used for studying the impact of membership in the European Union (EU) on domestic policy making.

The growing popularity of studying aspects of Europeanization is reflected in an expanding body of publications. However, as far as the country and region this article deals with, namely Finland and the Nordic countries, are concerned, only a few studies have been produced. This article attempts, in a small way, to correct this shortcoming and will shed some light on how, after Finland joined the EU in 1995, regional and local governance have been constructed, institutionalised and transformed. It will take a look at the transformation of regional governance, regional development policies as well as rural development policies.

This article will begin with theoretical reflections on Europeanization and related approaches. In the second section, institutional transformations and reforms of public administration at the regional level will be highlighted. In my view, the construction of administrative units at the regional level teaches us interesting lessons about the Europeanization of administrative practices in the Nordic countries. In section three, I will look at the implementation of two related EU public policies. I will contrast EU Regional Policy and the Community Initiative LEADER+,¹ which aimed at fostering economic development in Europe's countryside. I will discuss issues of institutionalisation and sub-national power.

The Finnish approach to implementing LEADER+ and national rural development programmes via tripartite governance units was an outstanding realisation of both the partnership principle and the bottom-up approach in implementing EU public policies. Tripartite arrangements are very suitable for solving local policy problems and achieve greater acceptance by the local community. I will not only demonstrate how new governance structures and forms of public-private partnerships, such as the principle of tripartition, facilitate the successful implementation of EU public policies but also how the so-called "LEADER" approach has been mainstreamed to serve as the underlying principle of national programmes of rural development. The "Finnish way" of including local residents and local businesses in implementing rural development policies – in spite of some problems and shortcomings – is outstanding and could serve as a role-model for other EU states as well. In contrast to other EU member states, a more holistic bottom-up approach to these particular policy problems has been applied in Finland. Nonetheless, one should not neglect the powerful position of the central state, be it in the bargaining process for the budget or in designing the overall policy structure. The implementation of the European Regional Development Fund (ERDF) uses similar mechanisms. Despite its success in implementing the fund in this particular way, promoting or uploading this better practice to the EU proved to be rather difficult for Finnish governmental elites.

¹ LEADER stands for "*Liaison Entre Actions de Développement de l'Économie Rurale*", which means "Links between development actions and the rural economy." LEADER+ was a Community initiative financed by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (EAGGF), one of the EU's structural funds.

Theoretical Approaches in Studying the Europeanization of Regional and Rural Development Policies

The British political scientist Stephen George defined Europeanization as “the impact on domestic politics and policy-making of membership of the European Union” (George 2001, 1). Radaelli, one of the leading scholars in the field of Europeanization, perceives Europeanization “as a problem not a solution” (Radaelli 2004, 1). Although there are three main, differentiated but at the same time inter-linked aspects of Europeanization that scholars are interested in – governance, institutionalisation and discourse – they have one “element” in common, “the emphasis on domestic change.” (Radaelli 2004, 8) I approach the problem of Europeanization by theoretically and methodologically comparing Europeanization with European integration theory.

I suggest an approach that “learns” by taking concepts from related approaches, such as multi-level governance and structural constructivism, into consideration. This makes much sense since all three approaches – Europeanization, multi-level governance and structural constructivism – are interested in the consequences and impacts the process of integration has on “the domestic”, “the sub-national” and “the local”. Looking at the ontology and epistemology of approaches towards Europeanization, their advantage is, according to Radaelli, that they are “orchestrating existing concepts and theories, with major theoretical import from comparative politics and theoretical policy analysis.” (Featherstone and Radaelli 2003, 340).

Whilst in European integration theory, multi-level governance was the first approach to focus on sub-national actors in policy-making *processes* and on the *interaction* between EU institutions, nation-states and institutions at sub-national levels, it has been criticised for several reasons.² In my view, it tends to overstate the potential power of sub-national actors.

The evaluation of my empirical findings regarding multi-level aspects of EU policy-making (see Kull 2008) led me to a conclusion similar to the one drawn by Klaus Eder. The EU’s system of multi-level governance can, according to Eder, be understood as a new space of competition between institutions situated at different levels. (Eder 2004, 98) According to Eder, this competition may result in “institutional homogenization and synchronicity” and tends to divide Europe into two parts, a Europe of the strong and a Europe of the weak. This ontology requires the revealing of “hidden power mechanisms” and an analysis of the mechanisms that political agents employ to “reproduce and transform the European political order.” (Kauppi 2002, 39) This perspective, the structural constructivist approach on EU integration introduced by Kauppi, was inspired by French sociologist Pierre Bourdieu.

It adds critical elements that the multi-level governance approach lacks and helps to paint a more nuanced and at the same time more realistic picture of EU polity. Focussing on the detailed, as opposed to the obvious, requires a deep and detailed analysis of multi-tiered structures. This is so because actors from different spheres

² The American scholar Gary Marks introduced the concept of multi-level governance. See Marks 1993. Critical approaches are provided by Jordan 2001 and Bache 1998.

with different institutional backgrounds and social capitals shape, construct and re-construct different policy-fields in the EU. Thus, for collecting data I combined analysis of legal documents and policy papers with in-depth interviews.

Regionalisation in Finland and the Influence of European Integration

Ever since Finland gained independence in 1917, the local government has had a considerable degree of self-government. Fostering regional self-government and creating democratically legitimised regional bodies situated between a strong central state and municipalities that were equipped with a high degree of local self-government, was not a top priority for Finnish political elites until the early 1990s.³ Reforming public administration mainly affected state provincial administration.⁴ Issues of regional self-government, such as elections or tax raising power as well as the regions' relations to both the central state and the municipal level were not neglected in the debate on reforming public administration and central-local relations, but the reforms themselves were almost exclusively done in state provincial administration, such as the State Provincial Offices.⁵

When Finland joined the EU in 1995, it was forced to construct institutions at the regional level. The administration of EU policies, especially EU Regional Policy as the second largest policy of the EU financially, needed structures to implement them. Regional Councils (RC) were set up for that purpose. In addition to the RCs and the State Provincial Offices, the Employment and Economic Development Centres (*TE-Keskus*) are also important institutions of administration in the Finnish regions.

In this section, I will discuss some aspects of the construction of these three regional entities. This process was closely linked to Finland's integration into the EU but was also related to its membership of other international organisations, such as the Council of Europe. Considering the present structures of public administration at Finland's regional level, it is worth reflecting on a project instituted by the Finnish Council of State in 1992. The aim was to achieve a "lighter, better integrated and more economical system of regional administration." (*Komiteamietintö* 1992: 33, 1) One proposal brought forward by the rapporteur responsible, Mr. Jukka Hirvelä, was the creation of "regional authorities established jointly by neighbouring municipalities." (3) These "regional authorities" were to be based on municipal cooperation

³ While in the 1930s, inter-municipal cooperation fuelled the discussion on regional-self government, a decision in principle to centralise administration in the provinces was made by the Council of State in 1951.

⁴ There are a number of reports, proposals and decisions to be mentioned in this context, such as the *Report on Regional Democracy in Finland – CPR (6) 2 rev Part II* by the Council of Europe. There are a number of Committee Reports commissioned by the Finnish Council of State (*Komiteamietintö* 1992: 33, *Komiteamietintö* 1992: 34, *Komiteamietintö* 1992: 28) which provide good insights on elite perceptions of how to reform the regional administrative structure as well as the relations between the central state and the local levels of public administration.

⁵ The State Provincial Offices are joint regional authorities for seven ministries. They have responsibilities in the fields of social and health care, education and culture, police administration, rescue services, traffic administration, competition and consumer affairs and judicial administration. More information on the tasks and composition of the State Provincial Offices is provided on the homepage of the State Provincial Offices run by the Ministry of Interior. This page is available at <http://www.intermin.fi/lh/home.nsf/pages/C39729F9199D173AC2256D01002C3398?OpenDocument>.

and be responsible for regional development. Furthermore, Hirvelä assumed that there would be less need to monitor the municipalities' performance and suggested reducing the number of State Provincial Offices from 11 to 5-6.⁶ A third proposal was the construction of 9-10 industrial districts, each with its own Technology Development Centres, and 9-10 district labour offices.

Another Committee report (*Komiteanmietintö 1992: 34*) on regional government which had an impact on the present structure of regional governance in Finland was developed under the aegis of rapporteur Kauko Sipponen. The report warned that Finland was going to be one of the few European countries that lacked a democratically legitimised regional administration. Instead of regions with a high degree of self-government and with their own tax raising powers, Sipponen, like Hirvelä, suggested the creation of municipal associations focused primarily on regional development. (See *Komiteanmietintö 1992: 34, 9, 18*)

In 1995, when Finland joined the EU, twenty RCs, responsible for the "management of functions related to regional development" were set up. (See Finnish Local Government Act (365/1995) Two years later, fifteen Employment and Economic Development Centres (*TE-Keskus*) were established. These are institutions set up jointly by the Ministry of Trade and Industry, the Ministry of Agriculture and Forestry, and the Ministry of Labour. They are also subordinate to these ministries. Besides their functions in the fields of labour policy and the promotion of farming, fisheries and rural enterprises, they occupied a central position in LEADER+ related rural development policies.

As regards the RCs, for many Finnish scholars in the field the "real regions" in Finland (Ryynänen 2003, 167), their enhanced relevance constitutes the most important change in the administrative structure of the country in the 1990s (Ryynänen 2003a, 7). One important task of the RCs is the implementation of EU Regional Policy. In cooperation with the Ministry of the Interior, the RCs were – at least on paper – the central actors in EU Regional Policy. Some scholars argue that the RCs are overshadowed by the central state level. However, ministry officials were not aware of any major problems regarding the cooperation between the Ministry of the Interior and the RCs during the programming period 2000-2006. The cooperation functioned smoothly, and, as an interviewee put it, the Ministry was "in a way" the RCs' "friend from the central administration." (Interview 5) I will return to this discussion in the next section.

In comparison to regional levels and the political legitimacy of regions in other countries, the RCs are rather weak. Their composition is not based on direct elections. They are indirectly legitimised through municipal elections and have strong

⁶ The State Provincial Offices taking part in Hirvelä's survey argued that due to amendments of municipal law empowering local government, less steering and monitoring is needed. See *Komiteanmietintö 1992: 33, 49*. Up until 1997, Finland had 11 State Provincial Offices, whilst today there are six State Provincial Offices in the country. These are situated in the provinces of Åland, Eastern Finland, Lapland, Oulu, Southern Finland and Western Finland. The key legislative text defining the powers and responsibilities of the State Provincial Office today are the State Provincial Offices Act (*Lääninhallituslaki 22/1997*), which for instance reduced the number of provinces. The amendments laid down in a law on reforming the State Provincial Offices (*Laki lääninhallitusten 2 and 4 §:n muuttamisesta (348/2000)*), further defined the responsibilities of the State Provincial Offices and stipulated that the President appoints the governor proposed by the Council of State.

bonds to the municipal level. The Finnish Local Government Act (365/1995) stated that the RCs are “joint municipal boards of which the municipalities in the region must be members”, (Finnish Regional Development Act (602/2002), Section 4) and that “the members of the supreme decision-making body of a regional council must be councillors in the member local authorities.”⁷ The highest decision-making body of the RC is its assembly consisting of delegates elected by those municipalities that are members of one RC.

Another reason for the political weakness lies, according to Ryyänen, in the “lack of top politicians taking care of their regions in the long run. Many perceive membership as a steppingstone into the national parliament.” (Ryyänen 2003c, 169) Thus participation in RCs often contributes to the accumulation of the social capital of its members. According to Mäenpää, the RCs were no more than channels of funding but their status has slightly improved over the past years. (See Mäenpää 1997, 11)

In my view, these Finnish regional reforms were not only the result of “adaptational pressures”⁸ but also propelled by the participation of Finnish sub-national actors in EU institutions, such as the Committee of the Regions (CoR). In addition to the EU, participation in the Council of Europe and especially in the Congress of Local and Regional Authorities, were important factors, too.⁹ In its 1999 *Report on Regional Democracy in Finland*, the Council of Europe noted that the Finnish regions consisted of “various territorial structures, at levels between local self-government and central State administration; State administration (mostly but not only at provincial and regional levels) on the one side, and various forms of co-operative government between municipalities on the other side, also at different levels.” (*Report on Regional Democracy in Finland - CPR (6) 2 rev Part II, 4*)

The relations between the Ministry of the Interior and the RCs in the context of EU Regional Policy in particular as well as the tension between the Economic and Development Centres (*TE-Keskus*) and the RCs in general had a considerable impact on the status of the regional level of governance in Finland. The creation of the new “Super ministry” (Ministry of Employment and the Economy) is going to have an important impact as well. Since the beginning of 2008, both the coordination of the Economic and Development Centres and the coordination of the cooperation with the RCs have been in the sphere of responsibility of the new ministry.

In the future, the core functions of the RCs could be to group together, to create networks among, and coordinate, different actors from the regions. At present, for some individuals from the Ministry of the Interior, the RCs appear as actors among other actors, not as coordinators. For some, the RCs are rather interested in pushing through benefits for their municipality vis-à-vis other state authorities instead of bringing all the different regional actors together. One interviewee criticised the fact that some RCs “do not manage to combine all interests, only those of the municipi-

⁷ See Section 86a, Composition of the Regional Council. The section continues: “Each member authority must have at least one representative on the supreme decision-making organ of the regional council.” See Finnish Local Government Act (365/1995) published under http://www.kunnat.net/k_perussivu.asp?path=1;161;279;280;37560;44307.

⁸ On the definition of adaptational pressure created by misfit and Europeanization as institutionalisation, see Radaelli 2004, 6-7.

⁹ Finland signed the European Charter of Local Self-Government in June 1990 and ratified it a year later.

palities.” (Interview 5) As a result, regional structures appear to be highly fragmented, and, as I discuss in more detail in the next section, competence struggles between different institutions are also taking place in Finland’s regions.

The Implementation of EU Regional Policy and EU-sponsored Rural Development Policies in Finland

EU Regional Policy

Regarding the programming period 2000-2006 and according to the *Finnish Regional Development Act (602/2002)*, the RCs and the Ministry of the Interior were key actors in the national administration of EU Regional Policy. After the Government decided on national and regional development targets for a fixed period, (see Finnish Regional Development Act (602/2002), Chapter 3, Section 9 (1), *National and Regional Development Targets*) ministries appointed by Government decision then defined those targets. (See Finnish Regional Development Act (602/2002), Chapter 2, Section 8 (1), *Regional Development in Different Administrative Sectors*) According to the Finnish Regional Development Act’s chapter 3, section 13 on *Regional Structural Fund programmes of the European Community*, the RCs are responsible for “drawing up proposals for regional Structural Fund programmes concerning their areas which are to be financed out of European Community Structural Funds.” Section 13 continues by laying down that “proposals concerning programmes shall be worked on jointly by State authorities, municipalities and the other bodies under public and private law involved in programme implementation.”

According to interviewees from the Ministry of the Interior, this form of multi-level governance, in general, worked smoothly. While the RCs have “the legitimacy to do this work and this is not questioned by others, the problem seen from the state perspective is how to implement a national strategy in these regional strategies.” (Interview 4) On the following pages, I will discuss the different phases in policy making.

I will first look at the implementation phase of the last programming period (2000-2006) and highlight some issues that I consider important, both in terms of further conceptualising the power-dimension in multi-level governance and for the debate on Europeanization. Furthermore, the problems of establishing the Finnish approach on the EU level in order to realise the partnership principle as a form of “better practice” also adds important new aspects to the debate on Europeanization in Europe’s regions. Finally, I will look at the multi-levelled process of programme formulation for the current programming period (2007-2013) and the problems of matching Finland’s diversified approach with the EU’s more focussed and concentrated approach.

The Implementation of Structural Fund programmes in 2000-2006

The implementation of Structural Fund programmes in the programming period 2000-2006 was, according to Kettunen, “strongly dominated by the state ministries, especially those of the Interior, Education, Trade and Industry, Agriculture and Employment.” (See Kettunen and Kungla 2005, 369) In this context, the question of

the self-perceived role of the Ministry of the Interior in this policy cycle and whether it saw itself as occupying a dominating position is of importance. Interviewees from this ministry perceived themselves as key players in this field since the ministry had acted as the managing authority. While one interviewee argued that in every country the managing authority “dominates as it is the one who looks after things”, (Interview 4) two other interviewees did not share the opinion that the ministry dominated, especially not in the implementation phase. (Interview 5) They perceived their role as partners of the RCs, who are not subject to their steering unlike, for instance, the Employment and Economic Development Centres. Other ministries that deal with structural funds (e.g. the Ministry of Trade and Industry) were different if compared to the Ministry of the Interior as they have administrative bodies in the regions and the capacity to steer.

Tensions arose between the Employment and Economic Development Centres and the RCs. This was so for several reasons. Firstly, while the money came from the state, the strategies came from the region. Secondly, with the ministries having administrative presence in the regions, the Finnish system is quite sectorised, with different ministries involved. One interviewee argued that the system is very much region-based and more money being directed via the RCs would further empower the RCs. While there was a model developed and legislation drafted to prepare for more resources directed through the RCs, there was some doubt whether the amount of state money envisaged should be given to municipal authorities to decide on its usage. A state-centrist solution envisaged that the national parliament would declare quite specifically how this money was to be spent by the RCs. If the RCs followed this centralist formula, they would “sell the interest of the region for their own interest of power”, (Interview 4) and as a result create a huge gap between the “bottom-up assessment of needs and the allocation of money.” (Interview 4)

Establishing the Partnership Principle

Despite the problems discussed in the previous section, the cooperation of different stakeholders and the realisation of the partnership principle in implementation were, in comparison to other EU member states, and in the field of economic development of the countryside, better achieved in Finland than in other countries, such as in Germany. (See above or Kull 2008) Also in the context of the other regional development funds, tripartite cooperation is mandatory at the monitoring committee level (Regional Management Committees). In contrast to other member states, tripartition is realised at a much earlier stage. One interviewee added that he is not aware of any other country where this was the case. (Interview 4) Whilst this much advanced practice and form of the partnership principle functions very well in Finland and might serve as a model for other countries, establishing it on the EU level proved to be difficult. This is noteworthy given that the EU Commission has projected the image of being very interested in fostering partnership in multi-level decision making. An interviewee summarised his experience within the Commission and with experts from other EU member states:

I presented our model many times to colleagues from other member states. Some critical remarks I received were addressed at how we take the political

will into consideration. When you look at those systems that consider the political will, this happens at a much higher level with national ministers intervening in negotiations at Nuts-2 level. In my view, this does not really take regional needs into consideration. This is a power game. (Interview 4)

It is worth mentioning that some EU member states that applied a more decentralised approach to administering and implementing regional development funds in the past, have centralised programme implementation in the new programming phase. While in Finland the RCs are in a key position, interviewees from the managing authority criticised the fact that too much emphasis is put on public authorities, such as ministries, regional and municipal authorities. (Interview 5) According to some interviewees, the participation of actors from the private sector, from the field of research and from non-governmental organisations (NGOs) needs to be fostered in the future. However, a more intense inclusion of private and social actors often fails due to structural problems, such as a lack of resources preventing some organisations from participating. Another problem is the specificity of EU-speak (no vernacular) which deters local actors from participating. As a result, even though it would be fruitful to have particular NGOs involved in Regional Policy, and they are often invited to participate, they are not able to take part.

The EU Commission raised a number of questions in the debate on the future of the structural funds and regional policy. Some of these were directly related to the issues discussed above. One question was: “Given the need for efficient management of cohesion policy programmes, what is the optimum allocation of responsibility between the Community, national and regional levels within a multi-level governance system?”¹⁰ More flexibility and more freedom to conduct implementation according to own national standards were favoured by some interviewees from the managing authority, who were also well aware of the difficulties in vesting more responsibility in the member states. (Interview 4) According to one interviewee, “the current system is about what you can get without losing the EU’s right of control. Even now, when the intention is that the responsibility should clearly be with the member states’ governments, the Commission needs to do a lot of unofficial follow-up. The Finnish way to administer this is quite complex.” (Interview 4) I will now turn to multi-level aspects in the development of programme proposals for the current programming period 2007-2013.

Multi-level Interaction in the Programming Period 2007-2013

As a first step, RCs or major regions (*suuralueet*) made programme proposals to the Ministry of the Interior. On the basis of these proposals, the Ministry of the Interior drew up programmes to be considered by the Finnish government. This was to happen “jointly with other ministries, RCs, and other bodies and organizations involved in implementing the programmes.” (Regional Development Act (602/2002), Chapter 3, Section 13 (2), *Regional Structural Fund Programmes of the European*

¹⁰ Press release IP/07/721, 30 May 2007.

Community) At the stage when the programme proposals were drafted in the regions, the most important players were, according to interviewees from the Ministry of the Interior, the RCs. Work on designing the programmes was led by the RCs. This phase was not free from friction and conflicts. One interviewee explained that in Southern Finland, for instance, “there are five RCs and one has to look how they cooperate when they make their proposals before they are submitted to us. In addition, there are internal games within the regions. Each RC has its own focus, its own strategy. The programme cannot be too wide-ranging. In general terms, I have the feeling that the cooperation between the RCs functioned better during the previous programme drafting period.” (Interview 5)

At the stage when the regional programmes, composed of proposals from the regions, are pulled together, the RCs are also said to be the key players. The Ministry of the Interior was “to pull together the global strategy, the national strategic framework.” (Interview 4) The Commission closely followed this stage and the Ministry of the Interior acted as a sort of broker between the Commission and the RCs. The ministry had to defend a rather diversified approach to the Commission, which, according to one interviewee, “would have liked to see a more focussed approach.” (Interview 4) The Commission was very interested in fostering the goals set out by the Lisbon Strategy in this context, too.

The Ministry of the Interior was largely advocating this approach at the EU level. According to one interviewee, Finland enthusiastically supported the Commission’s idea of connecting the Structural Funds to serve the Lisbon Objectives and sometimes even had to defend its more far-reaching position. (Interview 4) One key issue which concerned the central government was how to keep the whole package of structural funds in Finland focussed. In terms of power and influence, considerable emphasis was put on its regional dimension. According to interviewees from the Ministry of the Interior, the largest share of preparation was done in the regions, more specifically in the Regional Management Committees. While it received information on what was discussed there, the ministry did not really push the national strategy from above. (Interview 4) The national strategy was rather built from below. The ministry was engaged “but not that strongly.” (Interview 5) According to interviewees from the Ministry of the Interior, the strategy provided enough room to meet the demands of the regions. The rationale behind this was that “the national strategy must not be too rigid because then it would not allow the consideration of regional differences.” (Interview 5) In addition, the Finnish administrative culture is conducive to pushing through “a very strict strategy from above.” (Interview 5) Regarding structural funds managed by other ministries, such as the European Agricultural Guidance and Guarantee Fund (EAGGF) managed by the Ministry of Agriculture and Forestry, Finland was, from a comparative perspective, rather quick in developing its national programme for approval by the Commission. However, the start of the new programming period 2007-2013 was delayed, among other things, due to the reorganisation of central administration.

In terms of the ERDF, there is no national programme as such but four programmes for Southern, Eastern, Western and Northern Finland. Åland has its own programme based on the self-administration of the region. Finland was not among the first countries to have their programmes approved by the Commission. The

Commission demanded some changes. As a result, the start of the current programming period was slightly delayed. Finland's strategy had a slightly different focus to the one the Commission would have liked. A Finnish negotiator summarised the discussions with the Commission:

We defended our approach. This delayed the start of this programming period. The Commission was persistent. We agreed at the level of regulations and that we should clearly implement actions which support the Lisbon Strategy objectives and be more focussed. But then we would give considerable freedom to the regional level to decide their agenda in this framework. This proved to be very difficult to accommodate. We, as an authority, are strong advocates of this more focussed strategic approach. (Interview 4)

Both as regards the interaction with other actors in Finland and vis-à-vis the EU, the debate over the development of regional programmes in the previous round of structural funding had gone more smoothly. There were fewer disputes than was the case in the current period. One interviewee saw these problems particularly connected to central administration. In her experience, as regards cooperation with the regions, this functioned rather smoothly. It is important to see that national governments are not willing to give up their influential positions in this policy field. They often act as "gatekeepers", as Bache has demonstrated in several studies.¹¹ As far as EU Regional Policy is concerned, national authorities draw up Regional Development Plans and Operational Programmes.

Central ministries in Finland had important functions in coordinating and managing EU Regional Policy (the Ministry of the Interior) and LEADER+ (the Ministry of Agriculture and Forestry). The national coordination of the Structural Funds did not function outside the "shadow of hierarchy". (Bache 1998, 344)

LEADER+

LEADER stands for "Liaison Entre Actions de Développement de l'Économie Rurale", which means "Links between development actions and the rural economy." It was one of four Community initiatives and was financed by one of the four Structural Funds, the European Agricultural Guidance and Guarantee Fund (EAGGF).¹² LEADER+, implemented during the programming period 2000-2006, was part of the Commission's strategy and goal to improve living conditions in the peripheries of the EU for marginalized groups.

In an earlier study comparing Germany and Finland, (Kull 2008, 153) I concluded that LEADER+ offered a space for multi-level interaction and local-level involvement. This space consisted of highly motivated people actively contributing

¹¹ See, above all, and very detailed, Bache 1998. A nice summary is provided in Bache 1999.

¹² The other three Community initiatives are URBAN, INTERREG and EQUAL. The following structural funds were implemented in 2000-2006: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Financial Instrument for Fisheries Guidance (FIFG) and the European Agricultural Guidance & Guarantee Fund (EAGGF).

to the improvement of the quality of life and the economy in Europe's countryside. However, it was also dependent on and restricted by, national administrative practices, implementation approaches and cultures. Despite the empowerment of sub-national actors in the implementation phase – in Finland to a much higher degree than in many other EU member states – it would be correct to say that central state levels remained in a crucially important position. They were engaged in the bargaining over the overall financial framework and also acted as managing authorities.

In analysing the function of governmental institutions and the transformation of local action groups (LAG) after the construction of the LEADER programmes in Germany, Bruckmeier argued that “rural development projects became more politically controlled, standardized and administered; the independent actors and action groups have, in effect, become ‘Quangos’ (quasi-non-governmental organizations). The influence of governmental institutions has thus been strengthened and the financial basis enlarged; the programme has ‘golden chains.’” (Bruckmeier 2000, 221) However, partnership is a core rationale in this policy field and deserves some closer analysis. Former EU Commissioner for Agriculture and Rural Development, Mr. Franz Fischler, once said that “the partnership is in my view a fundamental part of LEADER and the future Community Initiative for rural development. The projects must be elaborated locally and not anywhere else. The principle of partnership must not only be maintained but also reinforced.”¹³ According to an interviewee from the EU Commission's LEADER+ Observatory, partnership has been reinforced over the past few years. The main reason, according to him, is the “50% rule”, which means that no more than 50% of the members of LAGs must be from public administration. This “golden rule and one of the core elements of the LEADER method” is, according to the interviewee, well accepted throughout the EU. (Interview 3)

The LEADER+ Programme for Finland defined partnership as “extensive cooperation on an equal standing in the composition and activity of the LAG.”¹⁴ The LAGs were “open to all local persons and organisations who are interested in rural development.”¹⁵ By applying the so-called principle of tripartition, the Finnish LEADER+ programme went further than many other national LEADER+ programmes throughout the EU. Tripartition concerned the composition of the local action groups' executive committees, which should “as far as possible consist of an equal number of representatives of individual rural residents, local associations and companies as well as the local administration.” (“Leader+ Programme for Finland”,

¹³ At the European Conference on Rural Development, Cork, Ireland, 7-9 November 1996. The citation stems from: “Special LEADER Symposium towards a New Initiative for Rural Development: 800 Leaders Give their Views” and is available at <http://europa.eu.int/comm/archives/leader2/rural-en/biblio/coll/art04.htm>.

¹⁴ See “Leader+ Programme for Finland”, 72. The other general eligibility criteria for LAGs are as follows: the area must be rural, the area must have the appropriate size, strategic cohesion in the development plan and the development strategy must be consistent with one or two themes. These themes are listed in the LEADER+ Programme. LAGs had to choose between (1) Using new know-how and technologies to make the products and services of rural areas more competitive, (2) Improving the quality of life in rural areas, (3) Adding value to local products; facilitating access to markets for small production units via collective actions, (4) Making the best use of natural and cultural resources, including enhancing the value of sites of Community interest selected under NATURA 2000, (5) Slowing down migration from rural areas to population centres, encouraging migration towards rural areas, and (6) Increasing interaction between rural and urban areas.

¹⁵ See footnote above.

72) Tripartition was supposed to guarantee “openness and equitability in the decision-making required in the LEADER+ programme as well as the involvement of new people in the local development work.” (72) The principle of tripartition in organising the executive committees of LAGs was outstanding when compared to other European countries and should serve as a model for local partnerships and bottom-up approaches in implementing structural funds.

I see this application of the principle of tripartition as a success in terms of both decentralising decision-making power and including a broad range of different social groups and institutions. In Finland, key individuals in the Ministry of Agriculture and Forestry sought to cover the whole countryside with LAGs in order to utilise local expertise and thus increase efficiency, and succeeded in doing so. An important feature of rural development in Finland is the fact that the LEADER approach was a role model for national programmes of rural development. In 2006, 419 of all 444 Finnish municipalities were covered by LAGs. In mainstreaming this particular form of the partnership principle in Finland, namely the principle of tripartition, Finland is a role model for other EU member states. Due to the principle of tripartition and the mainstreaming of the LEADER-approach in Finland, the inclusion of different groups in the LAG was realised here much more than was the case in Germany, for instance. Furthermore, in comparison to Germany, the representation of public administration in steering committees was much more limited due to tripartition.

Respondents to a survey I conducted between 2005 and 2006 described cooperation with actors from different institutions of public administration as positive. While further empowering LAGs was favoured by many respondents participating in my survey, there are a number of reasons for supporting the preservation of the present structures in Finland. For instance, giving full decision-making powers to the LAGs would endanger the basic idea of local action groups, which are public private partnerships, not public authorities. Thus, a full-fledged decentralisation with all decision-making power conferred upon the LAGs and decoupling the decision-making authorities (Employment and Economic Development Centres) from policy making was not an option for the managing authority.

In addition to tripartition and mainstreaming, another issue that seems to have functioned better in Finland is cross-border cooperation. One interviewee from the EU Commission, based on his experience with other Community Initiatives, argued that some areas in Europe seek cooperation more intensively than others. Cross-border cooperation between neighbouring regions has a tradition in some areas, such as in the Baltic, in Scandinavia or in the Mediterranean. In addition to tradition, cooperation between LAGs has to come from the local side and is supported by LEADER axes in rural development programmes. National authorities should act as a motivator. They should not act as a barrier to cooperation as I observed in some areas in Germany.¹⁶

¹⁶ Interviewees from the *Land* Niedersachsen stressed, in a critical sense, that the managing authority has imposed such strict regulations on the financial support of networking that it made cooperation almost impossible (for instance Interview 1, conducted on 4 May 2005). Applicants had to demonstrate a clear added-value from cooperation.

While Finland should act as a role model, my reading of and partial explanation for the reluctance in adopting the Finnish model relates to the different traditions of public administration that exist in member states. While most German interviewees said that the Finnish model is desirable and is closer to the LEADER rationale of locally based partnerships than any other model applied throughout the EU, they are also aware that many managing authorities are reluctant to impose it. The interviewee from the EU Commission was rather pessimistic in this context. The interviewee argued that

Being realistic, I do not see this model being applied elsewhere. In Finland they spoke about history. In Finland they have this tradition of collective action, with a strong involvement of the people. So (this model) is very typical for Finland, quite normal. They focus on people and not on systems or the organisation of institutions. The Finns are very practical. They are really oriented towards finding solutions. Rules do not have an absolute value; Finns always find ways to solve problems pragmatically. This is what I like in Finland. (Interview 3)

I agree with Kauppi, who argued that each field, in this case the national political field, has its “own dominant habitus, a culture or internalized set of action, preference and evaluation that regulates resource accumulation. This specific, internalized culture or set of “internalized” institutions constrains and empowers individuals, assigning them roles and providing them guidelines for legitimate behaviour.” (Kauppi 2002, 24)

Conclusions

The construction of institutions to implement structural funds in Finland was propelled by adaptational pressure and “vertical mechanisms of adaptation” (Börzel and Risse 2003; Radaelli 2004) in terms of Regional Policy and facilitated coordination (Knill and Lehmkuhl 2002; Radaelli 2004) in terms of the Community Initiative LEADER+. In addition, as far as the construction of the RCs to implement Regional Policy programmes is concerned, other European institutions not belonging to the EU, such as the Council of Europe and the Council of European Municipalities and Regions were of importance. Thus, discourses and the exchange of ideas on forms of self-government in institutions that only dispose soft pressure were highly important, too.

Finland does not yet have an independent administrative meso-level.¹⁷ The central state controls agencies and institutions at regional level, such as the Employment and Economic Development Centres and the State Provincial Offices. The RCs – some scholars see them as coming closest to being “real regions” – were created after Finland joined the EU in 1995 and have been empowered during the processes that led to deeper EU integration and Europeanization. Having no right of taxation, they are principally financed by their member municipalities. Furthermore, their assem-

¹⁷ See also Modeen, who comes to a similar conclusion (in Schäfer 1998, 27).

blies, the highest decision-making bodies, are composed of municipal councillors. While there is no regional self-government in Finland, the model of local self-government is one of the most advanced in the world. In his *Report on Regional Democracy in Finland* rapporteur Leinen from the Council of Europe concluded, that regional government in Finland “does not represent genuine regions.” (*Report on Regional Democracy in Finland – CPR (6) 2 rev Part II, 1*) The report triggered some rethinking. The Finnish government has launched a number of projects to tackle the democratic deficit in the regions. These projects emphasise inter-municipal cooperation and cooperation between the public and private sector. (See Ryyänen 2003c, 163-165) However, the regional structures in Finland are still highly fragmented.

In my view, the status of actors in regional governance depends on the willingness of the central state to loosen its grip but also on the willingness of regional actors to cooperate with each other. In my discussion of two related policy-fields, EU Regional Policy and the Community Initiative LEADER+, I realised that there were some differences in terms of power potentials in regional governance. As concerns the implementation of ERDF-funds, the central state is, in the view of some scholars and practitioners, by no means easily vacating its powerful position. A contrast is LEADER+, where the so called local action groups can act fairly well outside the shadow of the hierarchy. Regarding the partnership principle and the mainstreaming of the area-based approach to implement structural funds, Finland should serve as a model for other EU member states. However, Finnish governmental elites faced difficulties in establishing the Finnish approach.

The creation of a new “Super-ministry” (Ministry of Employment and the Economy) in 2008 will have an impact on regional governance as well. This reform responds to the need to clarify the division of work between the RCs and the Employment and Economic Development Centres (TE-Keskus). The programme of Mr. Vanhanen’s government provides a somewhat ambivalent context as it is, on the one hand, “very ambitious in giving more powers to the RCs” but on the other hand it also “wants to establish a new dynamic and effective organisation for economic development.” The latter might result in centralised steering and monitoring.

This article sought to contribute to a more systematic and comprehensive picture of the Europeanization of Europe’s regional level of governance by reflecting on Finland, an understudied country in this context. In my view, the Nordic countries are very interesting cases since they form a relatively homogenous region in fields such as culture, language, identity or administration. However, as the Nordic countries dispose of very divergent strategies to cope with EU membership and European integration, further comparative case studies in the policy-fields focused on in this article would be very welcome. Regarding Finland, important issues to be studied in the future concern the mechanisms of information provision, the degree of steering and monitoring by national level actors and the status of different regional and local actors in the administration of structural funds. The most crucial issues for Finnish regional governance in the years to come are how the regional administration will be re-organised and how regional authority is going to be distributed after major regional reforms take place in 2010.

Local and Regional Governance in Finland

Appendix

Interview-number	Interviewed Person	Date
1	Manager of a LAG from Northern Germany	4 May 2005
2	Civil servant from a decision-making authority in Niedersachsen	10 May 2006
3	Civil servant of the DG Agriculture, LEADER+ Observatory, European Commission	9 June 2006
4	Civil servant from the Finnish Ministry of the Interior	7 September 2007
5	Group interview (2 civil servants) conducted in the Finnish Ministry of the Interior including one senior civil servant and one civil servant.	26 September 2007

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Europeanisation of Territorial Governance in Three Eastern/Central European Countries

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The current study attempts to find correlations between the Europeanisation of national and territorial public administrations and the requirement system of Structural Funds' management. The paper introduces the development of territorial administrations and the system of regional development policy management in three member states (first of all in Hungary based on our own research experience and relying on less detailed literature and information from Poland and Slovakia). The analysis of processes affecting territorial public administrations and the analysis of the driving forces will point out the conflicts of the administrations' Europeanisation and the barriers of adapting external models in a Central or Eastern European region lacking real traditions of decentralisation and similarly regional identity. The future of the Structural Funds beyond 2013 is an even more open question. However, this fact does not exempt the CEE countries from the responsibility of treating the meso-tier decentralisation.

Introduction

The European Union in general considers the structure and functioning of public administration as a national internal affair. Despite this approach, the public administrations of the member states undergo a strong Europeanisation and convergence process, since the implementation of European public policies depends mainly on the performance of national administrations. (D'Orta 2003) The European administrative space has become a normative programme, relying on the relationships between the different tiers of governance as well as on the elaboration of common procedural and professional standards. (Cardona 1998, Olsen 2003, Goetz 2006)

The regional policy of the EU is crucial for national public administrations (Bovaird et al 2002), since bearing significant resources, it is one of the political means of deepening and enlarging the integration. The intensive invasive effect of the Structural Funds on national administrations of Eastern and Central European countries is explained by the strong motivation to acquire development resources eligible for less developed regions. It means that the so-called Europeanisation and conditionalism was generated directly by the management of the Structural Funds. (Hughes et al 2004)

Although the homogenisation of public administrations does not supervene in a structural sense, yet regionalism, the emergence of new, larger administrative tiers and the EU's regional policy definitely correlate. The European principles of subsidiarity and partnership, applied preliminarily in cohesion policy, included the regions into the decision-making processes of the Union and as a result, regions became the most virulent factors of multilevel governance. (Bache 1998)

If we acknowledge the member states' public administrations' structural and functional approaches as one of the manifestations of Europeanisation, we must accept that the motivation of accessing the Structural Funds played a significant role in this process especially in the cohesion countries, in many aspects such as:

1. The delimitation of the so called NUTS 2 regions (Nomenclature of Units of Territorial Statistics) in compliance with the regulations by the European Union, has become the basis of territorial reforms of public administration in several countries. (Although the European Council first adapted a compulsory regulation concerning the size of NUTS regions in 2003 (between 800.000-3.000.000), the eligibility size for units to be NUTS 2 regions at a scale of about one million predates this).
2. The establishment of regional consulting bodies based on the principles of subsidiarity and partnership became widespread.
3. Managing authorities had to be established for the management of structural funds, and their institutionalisation once more raised the issue of accommodation to national public administration.

The current study attempts to find correlations between the Europeanisation of national and territorial public administrations and the requirement system of Structural Funds' management. The paper introduces the development of territorial administrations and the system of regional development policy management in three member states (first of all in Hungary based on our own research experience and relying on less detailed literature and information from Poland and Slovakia). Further, we discuss the achievements and dilemmas of the rescaling of the administrative meso-level, and the establishment of management systems for regional policy. We will deal with the emerging conflicts between traditional public administration, the local government system and the new partnership networks. The selected countries apply different techniques in the reform of territorial public administration and in the management of Structural Funds; actually each represents in many respects a model among the countries acceding to the EU in 2004. Nevertheless it is a valid statement regarding all models that the motivation to accede and acquire European resources takes a stronger effect on their ambitions concerning the regional tier than any other driving force of regional policy. The analysis of processes affecting territorial public administrations and the analysis of the driving forces will point out the conflicts of the administrations' Europeanisation and the barriers of adapting external models in a Central or Eastern European region lacking real traditions of decentralisation and similarly regional identity. The reason of following uninteriorised models may be the inadaptability of the selected model, that is the model's incompatibility with Eastern and Central European governance patterns, but also the rapidity

and inflexibility of adaptation. Further, the analysis of concrete examples will highlight that the applied models and means of convergence between national administrations may be fairly varying, and that structural changes do not necessarily lead to an optimal outcome.

Changing picture in meso-level administration in Europe

We shall examine to what extent and in what way, Europe was regionalised as the selected countries acceded to it. Public administrative diversity is a characteristic feature of European political circumstances, despite the number of administrative reforms carried out in the 20th century alone. These changes – both in Eastern and in Western Europe – were bound partly to political transformations and partly to the socio-economic and political development within national frameworks. Despite that, the 1980s and 1990s elapsed in the spirit of a Europe of regions, implementing significant decentralisation and regionalisation reforms in many member states. (Larsson et al. 1999, Keating 2004) However, the driving force of regionalisation was not exclusively the structural fund, but often, it was of cultural ethnic and historical character (Spain, Belgium, Great Britain), or in other cases, the aspects and motivation of modernisation, size efficiency or political decentralisation (France, Germany) played important roles. Some reforms were classically top-down (French, German), while in some other cases, the ambitions of local political elites can also be detected (Italy, Belgium, Great Britain). Therefore literature distinguishes between bottom-up and top-down regionalisms. (Keating 2004)

Thus we can state that in the previous decades, changes occurred in the structure of governance. Alongside those changes, the countries of the European Union can be classified by structural types in terms of political science:

- *In the federal state* model, the meso-level bears several features of an independent state (legislation, provincial parliament, government) (Germany, Austria and Belgium).
- *The regionalised state* model consists of constitutionally regulated meso-level units with wide autonomy and legislative competencies although this autonomy is not complete (Italy, Spain and – according to some classifications – Portugal).
- *In the decentralised state* model, the regulation defines the regional tier as a unit administered by elected bodies, performing its tasks – in some cases under constitutional protection – independently. Similarly to the previous type, the medium tier performs its activities partially in a self-financing way (France, the Netherlands, Sweden, etc. belong to this group).
- *The unitary state* model's most characteristic feature is strict central control of the meso-tier, and it is financed mainly from the central budget (Denmark, the United Kingdom, Finland, Greece can be classed into this group).

Investigating the legal status and functions of the territorial meso-tiers of the member states, we found that in the majority of unitary and in both types of decentralised

states, a *shift of competencies* was carried out to the benefit of the meso-tier during the 80s. (Loughlin 2001)

However, strengthening the meso-level not always means decentralisation in the political sense. The central state often prefers the regionalisation of state-provided services and public administration, that is, the allocation of deconcentrated organs in the regions (England, Greece, Portugal, etc.). For instance, Finland introduced reforms, but has no directly elected meso-tier governments. Another example are the Swedish counties, which remained centralised, and the only result of reforms was the decision not to eliminate them.

Therefore we may declare that the phenomenon of regionalism and regionalisation is not identical with political decentralisation and not dependant on the physical scale of units, either. National characteristics strongly differentiate meso-tier administrations, despite some factors contributing to the strengthening of the sub-national tiers in general.

Overall, we claim that the dominating trend in public administration is spatial integration, the development of larger territorial scales. Still, we have to underline that no general schemes for territorial integration exist; therefore Central and Eastern European countries shall take their own way in order to achieve a desirably good fit between European regionalisation and domestic regionalism. (Cowles et al. 2001)

General impact of European regional/cohesion policy on governance structures

Regional development is one of the responsibilities of sub-national levels in every European country. The new economic paradigm of the previous decades had a significant impact on the development of regional policy:

- New regional policy as an innovation-oriented or regionally initiated development model.
- The establishment of regional and local co-operative networks of enterprises.
- Institutionalisation of information, innovation and business-incentive transfers.
- Organisation of the local-regional development coalitions of different interest groups, harmonisation of rigid administrative hierarchies and the establishment of flexible decision-making procedures.
- Transformation of the quality of living space, supplying capital attracting factors. (Danson et al. 1997)

European regions which were able to elaborate, enforce and implement development strategies matching their needs and demands stabilised their situation within a short period and the new structures started growing.

- The new regional policy required new management in general that is closer to the region and also to the partners interested in the development: In seven-

ral countries, quasi-governmental or non-governmental tripartite/corporate organisations (councils, assemblies, chambers, forums, etc.) were set up, specifically designed for the preparation and implementation of regional policy decisions and for harmonisation of interests of central state and local governments, the employees and employers.

- The most important and wide-spread institutions are the development agencies mostly with a quango status. Development agencies were first established in the 50s-60s in Western Europe. They have a number of different status types (therefore it is hard to define them in terms of organisational features), yet their common feature is that they are not part of the hierarchic state administration but financed by the central budget. Their main distinctive function is the promotion of the economy. (Halkier 1998)

As has been described, the demands of economic development themselves have generated changes in the structure and functioning of governance, and these changes were accelerated by the EU's Structural Funds. The new model of European regional policy contributing to Europeanisation in the 1980s-1990s meant a crucial challenge for the member states' public administrations in the following fields:

- *Regionalisation*: its most important impact was the strengthening of the territorial approach. Regional policy in Europe reached the development phase in the 1980s, where the former centralised system on the basis of central redistribution was replaced with a bottom-up model involving local resources. Subsequent to the punctual development projects aimed at treating crisis areas, the system became more holistic and comprehensive covering larger territories. By introducing the NUTS system and different categories of development objectives, the Commission pushed national governments to designate eligible areas at the regional level. This phenomenon launched a series of reforms in the territorial structure of the meso-tier governance and the establishment of new, larger administrative tiers or the amalgamation of former ones. Therefore, the most important accelerator encouraging regionalisation were the Structural Funds. (Keating 1998)
- *Programming*: Replacing the series of short-term independent projects, planning became more comprehensive and now covers an extended horizon of time. Programming as a profession required better processed and analysed information and a strategic perspective from planners. Development programmes became more complex, and this complexity necessitated the improvement of performance capacity as well as new functional solutions within the management. The programmes themselves require comprehensive analysis of the situation and development prospects within the regions. Further, the more structured development programmes urged co-ordination between the branches and sectors.
- *Efficiency professionalism*: The increasing public involvement in economic development, closer links to the business sector and the new market-oriented system of economic support required more flexible behaviour of the public administrative staff making it interested in the performance.

- *Partnership horizontality*: Regional policy requires by its nature comprehensive co-operation between the sectors and tiers. This is especially true for its newest model, which is not based on central state subsidies anymore but much more on the involvement of local resources. According to the regulations of the Structural Funds and the Maastricht Treaty, the European adaptation of the principles of subsidiarity and partnership took place. The principle of partnership challenged the national public administrative systems, especially those models that lack tradition in the partner type of co-operation between tiers or sectors. Vertically managed relationship systems of sectoral departments and sectoral deconcentrated organs shifted towards a new direction subsequent to passing the act on regional development and became more horizontal. The necessary involvement of external resources and the more comprehensive measures naturally strengthened horizontal relationships as opposed to vertical ones. In advance, we add here that in this element the influence of the Commission was probably the least direct. The evaluation of the partnership principle showed that the vague formulation of this requirement resulted in fairly diverse and varyingly efficient solutions in the member states. (Kelleher et al. 1999)

The specialities of adaptation in the new member states

The new Eastern and Central European democracies faced a twofold challenge in the 1990s:

- First, they had to establish a democratic state and political system on the basis of political plurality, not simply as a democratic principle, but also as a principle that is able to effectively tackle the problems raised by the systemic change. In order to achieve this task, not only was adaptation to the general model of Western democracies required, but also and parallel the consideration of national characteristics and historical roots was necessary.
- The new democracies, on the other hand, hoping for accession to the European Union, were to find a state administrative, institutional model which was able to match the requirements of “*acquis communautaire*”. The adaptation to this twofold, internal and external system of requirements and, in addition, the time pressure concerning their implementation, was not, by any standards, easy and was not free from contradictions either.

The preparation for the EU accession and the reestablishment of the national power and administrative structures in the Eastern and Central European states were usually parallel processes, supporting each other, and they were accompanied by several conflicts.

- In the spirit of conditionalism, the adaptation process was controlled fairly strictly, but in return, it was financially supported by the EU Commission. (Hughes et al. 2004) Since the accession countries had to design their own management system for the Structural Funds parallel to the setting up of their public administrative systems, these new, fragile national public administrations were not able to meet the professional requirements set by the Community.

- A further difficulty of the adaptation process was that the new member states with their completely different administrative culture and strong historical heritage of centralisation could hardly integrate the new, alien elements of governance. The logic of NPM flourishing in Europe in the last decades was completely strange for the fairly bureaucratic structures of ECE countries.
- Finally the time pressure also hindered the learning process but also pushed the “pupils” imitating to real performance.

We can therefore assume that the regional reforms carried out in the member states that have acceded to the EU in 2004 belong to the top-down type of regionalisation. The interests and identity of local society and local elite were less enforced as this phenomenon was generally characteristic during the modernisation process after 1990. (Pickvance 1997)

The generally unsuccessful responses to the challenges by the European governance imply that these countries need internal driving forces and commitment in establishing modern and democratic territorial administrative systems. In the following, we will point out the difficulties of adaptation and the causes eliciting these difficulties in the mirror of the regionalisation efforts of the selected three countries.

Regionalised Poland with historical tradition

Poland has regional traditions, since it already had a regional public administrative arrangement during its history similar in scale to the current system prior to the reform performed in 1975. However, as we will highlight later, Poland had no tradition in real decentralisation of power. Furthermore, in the course of the delimitation and naming of new regions, the aspects of territorial identity and traditions were fully neglected. (Sagan 2007) The initial system in 1990 consisted of 49 medium-size state administrative regions and 2,800 communes. At the beginning of the 1990s, sectoral fragmentation and the preference of local technical infrastructure was generally characteristic, mainly due to the weakness of the medium tier. (Davey 2003) After having recognised the necessity of change, one of the reform alternatives was to empower the 49 units with the right of self-governance. The second alternative was the establishment of larger regions and a further county tier. Poland followed a fairly ambitious model of adaptation to European regional policy. As a result of hard efforts, Poland implemented comprehensive territorial reforms and introduced new self-government units at the regional and county levels in 1998. As regards the reform process and the problems of implementation, although development policy was among the rationales of the reform, no decision was made with respect to this domain during the reform process. (Emilewicz and Wolek 2002) Although during the preparation phase, the hottest debates discussed the number and the delimitation of regions (originally 12 regions were planned but due to the strong opposition, the number was finally increased), competencies became the key elements in assessing the success of decentralisation. From this angle, Polish regionalisation also failed in spite of the deliberate structural coincidence of regional developmental and public administrative units. The new regions were not equipped with competencies and funds; in other

words, region building was in fact not accompanied by the decentralisation of competencies and tasks. (Regulski 2003)

As a result of the reforms taking effect in 2000, 16 voivodships, equivalent to NUTS 2 and 315 powiats (and 65 urban gminas with powiat right) corresponding to NUTS 4 (45 of these NUTS 3 subregions are not administrative units) have come into existence. For all that, the former and the current territorial units of Polish public administration (17 regions till 1975, 49 regions 1975-1998) cannot be compared with each other; they are only similar in their scale but they differ in their concrete geographical borders.

In Poland, traditionally there is a dual structure of public administration at the regional level, and this leads to fragmentation. The governmental office is headed by the voivod and the self-government is led by the marshal. The regional assembly is empowered to adopt the development strategy for the region. The marshal is responsible for creating a proper environment for regional development, shaping the regional labour market, developing regional infrastructure, financial management of projects, regional innovation, etc. The marshal is the key institution responsible for the preparation of a regional development strategy. The voivod as a representative of central government has only legal supervisory competencies and is responsible for the transfer of public finance flows to the region. Furthermore, the voivod, as the head of the voivodship office is the representative of the Minister of Economy in the region. He and his office act as an intermediary between the central government and the regional self-government.

In the year 2000, the Polish Parliament passed the act on the principles of regional support. From among the Community's principles, programming has the greatest impact on Polish regional policy. (Karasinska et al. 2002) National Development Plans were adopted in 2000 and 2002; at the same time, all regions adopted their own regional development programmes. The very fragmented and difficult system is co-ordinated by the voivodship contracts. The contract, as the document of mutual obligations for the central government and regional self-governments, is based on the priorities set in the national and regional development strategies.

The biggest contradiction is the fact that the reallocation of tasks from the national to the regional level was not accompanied by the reallocation of sufficient resources. This limitation of the resources of the newly created self-governmental tier proved to be the major hindrance of the performance of an autonomous development policy. In this context, 80% of the voivodship's budget originated from the state budget. Due to and in accordance with the lacking funds, the programmes launched were of fairly low significance. Notwithstanding, the trend is improving considering resource concentration. According to an analysis, regional policy principles succeed with very weak efficiency in the financing of sectoral programmes. (Davey 2003, 123) In other terms, regionalisation had a positive impact on development policy; and despite their fragmentation and weak competencies, regions still offer a more efficient institutional framework than sectoral ministries.

Further decentralisation and stronger dominance of representative organs against central state administration were expected, approaching the accession to the European Union. Thus, with reference to the first experiences of managing Structural Funds, we must conclude that the formal adaptation was completed but unfortu-

nately without having solved the problem of power decentralisation. Still, considering the investigated countries, Poland was the one which can report a number of positives developments. In Poland, during the first programming period (2004-2006), 40% of EU funding was allocated to regional operative programmes. As compared with the other new member states, this was actually the highest proportion. (Bachtler and McMaster 2008) At the same time, the management of the ROPs was centralised in the ministry responsible for regional policy. It means that only a fragment of the EU funding was managed and controlled at the regional level, which was a real disappointment for regional actors, since they were very ambitious in preparing regional operative programmes and establishing regional administrative capacities. Despite the serious efforts made, the regions had representatives only in the regional monitoring committees, which, on the other hand, had no decision-making power. The situation slightly changed during the next programming period as a result of the stronger regional pressure. In Poland, 16 ROPs were formulated, and they are managed regionally by the self-government and the voivod's office, although the central control remained unchanged. (Bachtler and McMaster 2008)

In conclusion, we wish to state that historical traditions in terms of geographical scale could have supported the Polish regionalisation, but the reforms were with no respect to these; moreover, they even generated powerful conflicts among the towns of the regions. Refilling the regions with autonomous power and resources was an even harder task. The voivod is a determining actor in territorial public administration; against him, the regional government and its president can hardly obtain positions. The process of regionalisation was in fact accelerated by the European accession and the constraint of treating the economic crisis. At the same time, the subvention of local governments, especially the towns, and the economic sector were considered among the weak factors of regional capacity building. Exactly this is the reason why the evaluators consider the essential change of economic and social conditions as the immanent and indispensable precondition of strong regionalisation. (Sagan 2007) At this place, we must mention that the relative success of the regional reforms is closely connected with the stronger civil traditions and the historical embeddedness of the scale, and also the capability of the new regional governments to exert pressure on the central government in the interest of continuation of decentralisation. (Emilewicz 2002, Sagan, 2007)

Slovakia – rapid catching-up, dilemmas of nation and region

In 1990, settlements were authorised to self-governance, and the territorial tier of public administration underwent significant restructuring. Former regions were eliminated from the system, 121 districts replaced them. Slovakia became an independent state in 1996 making explicit centralising efforts, quite understandable in view of its nation-building ambitions. Behind the new spatial structure, hidden political intentions were to be detected, like the partition of territories settled by Hungarian minorities or different electoral technical considerations. (Mezei and Hardi 2003) Most of the escalating conflicts emerged alongside nationalistic and partially modernising ambitions. The story of coalition-building also demonstrates the macro-political importance of minority issues. (Malikova and Staronova 2005)

After 1996 the territory of Slovakia was divided into 8 large state administrative regions and 79 districts. The seats and borders of the administrative regions were in some cases appointed and delimited on the basis of political considerations directed to the Hungarian minorities. Similar techniques were also applied in the course of the delimitation of districts. We mention that the Council of the European Union even criticised the dramatic divergence from the former traditional administrative configuration. However, ministries were powerful enough during the 1996 reforms to maintain the network of deconcentrated organs set up subsequent to the systemic change. (Bucek 2002)

The next reform of public administration was carried out in 1998 as the outcome of long lasting debates. Political discussions of the parties were coloured repeatedly by the national minorities' dimension. (Ficza 2005) In 2001, the decision was made to carry out a direct election of county self-governments in the eight former state administrative regions. However, the transformation of counties into self-governmental units was slowly progressing, especially in terms of allocation of competencies and financial resources, as was usual in post-communist countries. (Bryson and Cornia 2004) The formerly territory-based deconcentrated public administration was not willing to delegate its powers.

In 2004, more comprehensive territorial reforms were implemented; the former 79 districts were eliminated, and their competencies were taken over by the eight state administrative county offices, by 50 district offices and 221 special state administrative offices.

Establishing the institutional system of regional development was characterised by conceptual changes in terms of public administrative spatial division and by various uncertainties. The four NUTS 2 regions rely on a county/district-division, the NUTS 3 level is equivalent to the eight counties and NUTS 4 (today called Local Administrative Units LAU1) consists of the former 79 districts and not the new 50! This means that the NUTS division completely differs from the administrative division, indicating that there was no stable vision regarding the territorial division of the country.

The institutional system of regional development is, in practical terms, the network of regional development agencies set up by the government in the year 2000. The task of the agencies financed by the central government is to assist the government and the local actors in utilising the Structural Funds. (Rehak 2007) Besides the agencies, 13 regional consulting and information offices operate, designed for primarily supporting the business sector. (We note that in the course of the regional reforms, the idea of establishing 12 regions was also put forward.) It is clear that these institutions do not follow the NUTS system. This divergence also indicates that the territorial reform in Slovakia was not exclusively motivated by the compulsory adaptation to the European Union, and the fact that public administrative reforms did not take the NUTS 2 units into consideration attracted criticism. (Nemec 2002)

Slovakia established so-called regional managing and monitoring committees and their secretaries in the NUTS 2 regions, and their task is to participate in the management of the Structural Funds. Within the NUTS 3 counties, the management of development policy and the adaptation of development programmes are the responsibility of county assemblies. However managing authorities and monitoring committees operate at this tier too, in cooperation with partnership organisations

including local governments, state administrative and non-profit professional organisations. (Ficza 2004)

Following the accession to the European Union, the management of programmes is a kind of alien body outside the ordinary public administration, experiencing functional problems. This structure could not provide an appropriate basis for the management of Structural Funds providing an explanation why the European Commission picked the centralised model of Structural Funds' management for Slovakia.

In the first programming period, Slovakia had no regional operative programmes, only one single programme aimed at the basic infrastructure and managed by the ministry responsible for regional development demonstrating that the accelerated modernisation required centralised control. In the recent programming period, regional issues finally got priority as project-selection criteria. (Batchler and McMaster 2008) Finally eight regional operative programmes were established (instead of four in the NUTS 2 regions). However, this solution clearly implies that the number and borders of regions are still unstable. Moreover, the actual managing authorities of these programmes remained in the central tier within the ministry responsible for regional development. Similarly, the implementation of the Lisbon strategy in the new programming period also indicates the incomplete character of regionalisation, which actually has appointed concrete settlements as innovation development poles instead of the regions, questioning from the very beginning the authenticity of regional decentralisation. (Rehák 2007)

Thus, what we experience is that in Slovakia, the establishment of meso-tier administration is fairly loaded with uncertainties deriving from the lack of historical traditions, regional cohesion and identity, and the European cohesion policy and the establishment of NUTS 2 regions could not counteract these. The institution system managing the Structural Funds is centralised, the regional system is fragmented and lacking resources, although the chance for regionalisation is dependent on the reinforcement of regional governance capacities. The regional identity of the local society theoretically supporting political decentralisation is absent, and the ethnic segregation does not really support the strengthening of regional identity. These factors actually imply the durable weakness of territorial governments.

Hungary: from eminent student to lagging behind

I will dedicate more attention in my study to the Hungarian regionalisation not only because as a Hungarian researcher, I have the most research experience on Hungarian processes, but also because the Hungarian example produces the most explicit evidence for the fact that top-down regionalisation, adapting to external expectations, can not expect lasting success. Lacking internal political support and professional consensus, regional structures remain fragile.

Traditionally, the county has been a very strong unit of the Hungarian public administration ever since the foundation of the Hungarian state in the eleventh century. The Act on Local Governments, enacted in 1990, brought about a completely new situation in the spatial distribution of power. Instead of the former medium-level county organisation, municipality became the key element of the local government system. The lack of competencies, means and resources was accompanied by unstable

political legitimacy and distrust towards county assemblies. This change led to the strong centralisation of the entire public administrative system.

Experts identified the problem relatively early, but a solution has not been found yet. The debate on the status of counties and the meso-level governance in general is ongoing since 1990, raising questions like ‘Which should be the territorial tier of Hungarian public administration?’ The absence of answers postponed the stabilisation of power at the medium tier and generated uncertainty about the scale of meso-level government.

The weakening of the democratically elected medium-level governments (counties) contributed to the increasing influence of the central government. The Hungarian state’s shape is similar to a sand-glass, with a too strong (wide) top and a too strong (wide) bottom, causing many functional and democratic deficits, therefore Hungarian local governance suffers not only from efficiency problems but from democratic deficits too. The stable and powerful local elite is not willing to share its power with the local society, and as highlighted later, the missing social control at the meso-level contributed to the dominance of uncontrolled networks.

In 2002, the government announced brave reforms within the public administrative sector, planning the establishment of directly elected regional self-governments by the year 2006. The objective of the reform was to finish the decade-long debate on the counties by transferring territorial power to the regions, thus eliminating the self-governance status of the counties. This programme proved to be too ambitious. Anyway, at that time, many experts were pessimistic about this intention, because regions are artificial formations in Hungary; the regional identity of the Hungarian society is obviously very weak. The civil society did not evolve and political institutions were not established at the regional level. Consequently, the democratic control over the regional bodies, as well as over the relationships of these bodies to the electors and the social or political institutions, would have been very weak. It is an extremely important question whether top-down initiated regionalisation, together with a weak and unintegrated local society, can lead to an actually decentralised power structure? There was a danger that a forced regionalisation would become an instrument in the hands of not the local, but the central power.

Fears proved to be unjustified, but not because they were unfounded, but rather because the reform efforts died away. The government in power in the cycle 2002-2006 did not prepare or submit any legal acts on the regional reform. The excuse was – permanently communicated – that the reform probably would not have gained the support of the parliamentary opposition. Anyway, regionalisation in Hungary requires the amendment of the Constitution, and therefore the qualified majority – the vote of two thirds of the representatives – must support it. So such reform is only possible if a consensus with the opposition is reached.

Preparing for the accession, one chance to stabilise the ‘meso’ was the legislation on the European type of regional policy. The Hungarian regional policy was systematically adapted to the bottom-up model of European regional policy dominant in the last decade. The act on regional development was passed in 1996 bringing about basic changes in the territorial power structure. (Pálné 2001) The institutional system of regional development in Hungary is not based on the territorial public administration or local government system. It was simply impossible to integrate regional

policy into this fragmented administrative structure lacking a strong territorial/meso-level of public power. The central government and the municipalities were not interested in strengthening the county.

According to the Hungarian regulation, the development councils established at the national, regional, county and micro-regional levels were created by delegation. A great dilemma was whether the micro-regional (NUTS 4), county (NUTS 3) or the regional (NUTS 2) level should be the main action arena of regional political intervention and the institutional system. The answer was based on fairly pragmatic arguments. The legislator decided to establish special institutions at all three territorial tiers. This over-fragmented institutional system, the conglomeration of development councils operating at three territorial tiers contributed to the fragmentation of the development resources, the competition of the tiers among each other and conflicts evolving due to the lack of a clear division of labour and, what is most important, the macro (NUTS 2) regions could not become key actors in the regional policy.

Looking back on more than ten years, we can state that the three territorial tiers and their fairly complicated institutional system were unable to counterbalance the weight of the central government. This solution further fragmented development resources, intensified the competition among the tiers and raised several new conflicts deriving from the lack of a clear division of labour.

Paradoxically, it could have been just the accession to the European Union that made the government change its opinion on regionalisation. The accession in 2004 caused shock and disappointment. Referring to the “weak regional capacity”, the European Commission insisted on the centralised management of Structural Funds; therefore, the regional institutions (regional development councils) have almost completely lost their former influence on regional policy. The management authorities were integrated in the central government, the regional actors only received cooperative functions. Hungary had to realise that the EU does not insist on the active role of the regions, it does not want to take risks with decentralised structures. The adaptive pressure of accession pushed the country towards centralisation and neglecting the regions, whereas the previous decade was characterised by regionalism and decentralisation.

The government re-elected in 2006 made another attempt to carry out the reform of regional self-governance, although it was not very convincing. After the elections, the government made proposals in an extremely swift manner for the amendment of the act on local governments and the constitution, which were submitted to the Parliament before the beginning of the summer, without any social or political reconciliation. No wonder that the opposition did not support the proposal. The issue of regional self-government is not on the schedule any more, and it is uncertain when it will be put back again, but the government has a firm intention to carry out regionalisation of state administration and services. Such a regionalisation leaking through the back door bears the danger that the positions of the central government are reinforced against the local society.

This is why it gained a special importance in the planning of the second National Development Plan. However, the government did not focus its regionalisation efforts on those fields where it would be the most necessary. During the preparation of the second National Development Plan, for the 2007-2013 period, the government

placed emphasis on the role of the regions; therefore seven independent regional operative programmes were included in the plan. On the other hand, the government created a fairly centralised management, and regional development agencies and councils were given an intermediary role again. This process indicates the conclusion that the territorial reform can and should not be exclusively treated as a part of the European adaptation process and made subordinate to the needs of regional policy.

The government was more committed to regionalism on the field of deconcentrated administration, as it decided to integrate the county divisions of state administrative organisations into regional units. This regionalisation strengthened the regions as a state administrative tier, proving that the top-down regionalisation will not necessarily result in the real decentralisation, devolution of power. It is not accidental that exactly the representatives of the parliamentary opposition have called upon the Constitutional Court for the issue of whether the public administrative reform meets the requirements of the Constitution, which introduces new geographical frameworks of power without having modified the Constitution.

Summarising we can conclude that Hungary attempted to adapt to the challenges of European regional policy. This adaptation process was successful in terms of institution-building and the adoption of know-how by technocrats, top officials of public administration. On the other hand, the adaptation was only formal and did not contribute to the real decentralisation. So we are in the situation that we have several meso-tiers and several types of regionalised institutions, but the system as a whole remained centralised.

Many questions remained without answer, such as:

- Which one of the three existing territorial units will (shall) be the real meso-level of public administration? It seems that regional policy was an insufficient motivation to transform the territorial structure of power.
- Is there any other motivation besides the Structural Funds for achieving a more professional and flexible public administration at all levels?
- Why does the external adaptation pressure have more influence on the public administration than everyday internal, personal experiences of malfunctions and failures?
- What local social and economic forces will be able to support political decentralisation?

The delay of responses to these questions is not only due to the political culture and motivation but also to the lacking systematic scientific analysis and real political intention to face the problems of Hungarian public administration, which have to be treated anyway, regardless of the European accession.

Conclusions

We can conclude that the EU's regional policy has proved its crucial motivation for modernising national public administrations in the sense of regionalism, managerialism, partnership or more flexible governance. Over the last few decades, the

European public administration underwent significant transformations and will probably continue changing in the future. These changes indicated two principal trends: the first type is structural, organisational transformation, and the second is functional change concerning its operation. The role of these two types of changes and their interrelationship can hardly be generalised. The new challenges could be answered by functional adaptation as well, and several member states were successful in the absorption of Structural Funds without dramatic structural changes in public administration. The reason may be that Western democracies had a much more stable (and integrated) public sector than the newcomers. (Potucek 2004) In the spirit of incrementalism, the slow but deep changes, the model of step-by-step adaptation, modernisation is often applied. Despite this fact, the modernisation of national public administrations and local governments has been typically carried out in the form of structural reforms in Europe in the last few decades. (Wright 1997)

The adaptation of Eastern European countries is moving on in a fairly contradictory way. The accession countries have formulated and established their territorial public administration parallel to the institutions of the regional support system of the European Union. The territorial harmonisation of the two systems is not successful in every case, and the replacement of traditional public administrative units by new, larger ones is a difficult task. Alongside structural changes, organisational changes, functioning and behaviours often remain unchanged, and structural reforms may be inefficient. This means that “radical” reforms implemented on the surface reshaped only the structure but not the content, not the values and attitudes of the civil servants. (Lazareviciute and Verheijen 2000)

The institutionalisation of the flexible management and partnership required by regional policy often happens outside the ordinary public administrative system. This solution was preferred since these institutional reforms were implemented exclusively top-down, with the decision of the central government using the European requirements as reference. It is namely an easier solution than the improvement of the rigid autocrat apparatuses. The changing geographical borders and the coinciding organisational structures are new phenomena, which actually point towards democratisation and decentralisation, but their real success can hardly be measured yet and depend on the parliamentary relations. (Wolmann 1997) Generally, the logic of partnership in European regionalism has been used as a tool rather than a target in Eastern and Central European politics. It has become a tool of centralisation, the resource distribution alongside clique interests, bypassing the directly elected self-government bodies and the publicity. Literature often cites the opinions indicating the negative effects and consequences of partnership, corporate institutions, associations, ad-hoc groupings and informal networks. (Olsson 2001) The transparency, the direct participation may easily be violated especially when the regional and local self-governments and the civil society are not strong enough. Western European experiences show that the adaptation is not always achieved by structural reforms. More flexible, informal formations may bridge the problems of “misfit”. However, we have to pay attention to the fact that the new challenges of regional policy may not endanger the political controlling role of the territorial self-government units. This danger is well illustrated by Hungarian regionalisation, where the jungle of new bodies has damaged the transparency, pushed representative bodies to the periphery

and did not create regional publicity. As previously described, real decentralisation was difficult even in Poland, although the elected regional governments served as the framework of governance.

The forms and scales of public administration are already Euro-conform, but the content is more similar to the Eastern political culture. Therefore the first task prior to the modernisation challenge of regionalism is to implement real decentralisation and meet the traditional challenge of participative democracy, otherwise the original logic of regionalism may be violated, and the old, centralised, antidemocratic political attitudes may survive within the framework of new geographical boundaries and organisational forms.

The main problem of accession countries is that in the spirit of regionalism, they were not able to decentralise their public power system, they actually only rescaled it. The reason is that in the selected countries, the driving forces of regionalisation are in the central governments; the local elite tried to exert pressure only in the delimitation of the most developed regions (such as in Poland and Slovakia). On the basis of all this, it is difficult to predict the future of regionalism in the countries investigated in this paper. And we have to take into account the phenomenon that the future of regionalism is not so clear even in the enlarged Europe. The distrust of the EU's Commission towards the Eastern European regions shows that the renaissance of regionalism will not be necessarily continued in the twenty-first century. This undeniable reversal may even be understood in a way that the Commission has realised that "Union's prescriptions" are not the therapy; and even while prescribing the medication, the concrete condition of the patient should also be considered. The future of the Structural Funds beyond 2013 is an even more open question and thus the European emphasis of the regional dimension too. However, all these do not exempt the CEE countries from the responsibility of treating the meso-tier decentralisation as a priority of the modernisation of their governance, as an important element of European "good governance".

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Brussels comes via Helsinki: The Role of Finland in Europeanisation of Estonian Education Policy

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ABSTRACT

Europeanisation has manifold impact on national public policies. One of them is increasing interest to learn from reform experiences in other member states and adjust domestic policies accordingly. Education as a traditionally very national field of policy has only recently become an object of Europeanisation. Yet, today common EU objectives and benchmarks in education and training stimulate member states to look more carefully to the countries that perform well.

The current paper deals with this new multi-level situation in policy-learning where EU member states draw lessons from each other in order to adjust their domestic policies to the EU objectives. The education policy of Estonia, which used to draw lessons from the neighbouring Finland, serves as an empirical case for investigation. **The** aim of this paper is to study whether the role of Finland in the adjustment of the Estonian education policy to the EU objectives has evolved in time. The analysis revealed a significant evolution in arguments and instruments of lesson-drawing. Study findings suggest that Finland has played a catalyzing role in the Europeanisation of the Estonian education policy only for a short period. Today the EU has become a more important arena of learning than the neighbouring Finland.

Keywords: open method of coordination, policy transfer, policy learning, policy actors, "Work Programme on Education and Training 2010", education reforms

Context: "Comparative turn" in EU education policy and member states

Education has been traditionally regarded as a field of explicit national responsibility. Yet, since the Maastricht treaty, the EU has increasingly expanded its interest in education both in terms of education areas and governance instruments. Reasons why education is on the top agenda today are manifold. Firstly, more than ever, a close link between education and the nations' economic performance is stressed. According to the Lisbon strategy, Europe is aiming to provide everyone not just a job, but a better job. Additionally, Europe is supposed to become the world's most

competitive economy, and education systems must contribute to this aim. It is worth noting that together with European educational statistics, data of the US and Japan as the main economic competitors are expansively provided in Commission reports. (COM 2007, COM 2008) Secondly, European countries have common concerns regarding national education systems and their linkage to the labour market. The level of students' achievement, the compatibility of national standards with the demands of the international labour market and the openness of the educational system to innovations are issues intensively discussed in member states.

The policy choice for the EU in this situation was to decide whether to allow member states to autonomously seek best practices around the world, or to govern the process through EU mechanisms. The latter was chosen by adopting the "Common objectives in education and training 2010" at the Barcelona summit in 2002. The new method of policy governance (open method of coordination), already successfully implemented in European employment policy, has been expanded to education. While preserving national differences of education systems and allowing the choice of policy instruments, the EU sets common objectives and regularly evaluates progress towards them. However, even more remarkable than the formulation of common objectives is the way how those objectives are presented – by statistical indicators and benchmarks. This feature refers to some similarities between EU education policy and neoliberal practices in Anglo-Saxon countries where encouragement of competition and the publication of schools' league tables are typical. According to Novoa and deJong-Lambert, market competition was the initial departing point of the EU policy towards creating benchmarks in education. Inter alia, the European Round Table of Industrialists played an important role in promoting benchmarking as a tool for guiding policies. According to the secretary general of the round table, "The idea was to establish criteria relevant to competitiveness and then publish figures in a regular and systematic way that would encourage each country to try catch up with the best practices elsewhere, but without dictating the specific policy measures needed." (cited in Novoa and deJong-Lambert 2003, 46) Today Europe puts more emphasis on the quantitative measurement of educational outcomes than it used to do. In the 1980s and 1990s, international comparative surveys carried out by the International Association for the Evaluation of Educational Achievements (IEA) attracted attention amongst policy-makers mainly in the US and in the Far East. Yet, in Post-Lisbon Europe, data from IEA TIMSS and PIRLS studies and from OECD PISA and PIAAC surveys serve as formal benchmarks in measuring educational progress. (COM 2007, COM 2008) Measurement of civic skills (as one of the 16 core indicators for monitoring progress towards the Lisbon objectives) is based entirely on the IEA studies. (Hoskins et al. 2008) In the coming IEA International Civic and Citizenship Survey (ICCS 2009), a special European Regional Module was elaborated on request of the EU Commission. Also, the European Commission provides financial support to the member states (mainly in Central and Eastern Europe) covering up to 80% of participation fees in ICCS.

These developments illustrate the growing importance of international and supranational actors in education policy. The "comparative turn" in education policy started by the OECD (Martens 2007, 44) was soon adopted by the EU Commission. Harmonisation of statistical data within OECD, IEA and the European Commission

is not simply a process of collecting data. This is also a process of constructing a European identity based on statistical indicators. Through the arrangement of categories and benchmarks, a definition of the “best system” is proposed suggesting others to learn and move in this direction. (Novoa and deJong-Lambert 2003)

In addition to the horizontal learning across member states, countries are encouraged (or even enforced) to compare their policy outcomes with the EU objectives and benchmarks. National action plans are composed in accordance with common objectives and annual national progress reports reviewed by the Commission staff. Although the open method of coordination leaves some degree of freedom to member states to choose their own path, it is hard to imagine that any of the member states can opt out the system entirely. (Novoa and deJong-Lambert 2003, Vanttaja and Rinne 2008) Due to the increasing cooperation between the EU structures and OECD, it becomes complicated to explicitly allocate the effect on national education policies to one of the mentioned actors. Educational policies of the OECD and the EU develop in the same directions and since the mid-1990s, both of them have influenced national education policy-making in Estonia and Finland. (Vanttaja and Rinne 2008) However, Estonia and Finland reacted to the international pressure differently, due to different attitudes towards national policy-making and the time when the two countries joined the EU.

Finland became an EU member in 1995 when European education policy was still in an embryonic phase. Thus Finland could continue in the old manner, meaning that education was regarded as a national business, and policy-learning occurred on non-standardised bases via contacts with neighbouring Nordic countries. (Vanttaja and Rinne 2008)

Finland had a strong position to base national activities in the EU firmly on the Nordic values. Although education was only a minor part of the “Nordic dimension”, the importance of equality and social justice in education was stressed within this framework. (Dahl 2003) To the contrary, the notion of a European dimension in education was seen as too heavily interfering into national policies and too focused on the economic needs of the Single Market. Nordic countries found that education should create democratic citizens as well as fulfil the needs of the industry, whereas the EU emphasised the latter. (Dahl 2003) However, in recent years, the gap between the Nordic and EU education policy values has been becoming less visible. “There is no trade-off between efficiency and equity”, declares the Joint Interim Report. (Council 2006) At the same time, Finnish education strengthens the orientation towards neoliberal values. (Naumanen and Rinne 2008)

Estonia applied for EU membership in the same year that Finland became a member of it. Three years later (1998), the negotiation process started. Estonia adopted annual national action plans, which were reviewed by the Commission in progress reports. Not surprisingly, education issues did not cause problems in implementing aquis. In the same year that Estonia successfully closed membership negotiations (2002), the Barcelona European Council agreed upon the “Work Programme on Education and Training 2010”, which marks the acceleration and deepening of educational policy on the EU level. Thus, when Estonia became a full member in 2004, the Union had already lived two years under the new education-policy paradigm. Estonia learned quickly to report on progress according to the OMC principles

in various policy fields such as employment, pensions, social exclusion and, lastly, education. Hence, for a new member state, the OMC was perceived as the normal way of EU intervention into national policies.

Estonia's standpoint in the EU affairs was quite different from that of Finland. Firstly, there has always been scepticism towards domestic competencies in education-policy-making. The state of affairs in education has been steadily under public criticism, and attempts to transfer policy experiences abroad have been made in education since the beginning of the transition period in the early 1990s. (Ruus 2004) Secondly, Estonia did not have a strong platform on preserving national policy pattern in the EU; instead the willingness to adopt European norms without big discussions was dominant. Such conformism could be explained not by the low self-esteem of policy-makers only, but also by the good fit between Lisbon values and national goals of education. In post-communist Estonian education policy, competitiveness, entrepreneurship and freedom of choice have been more appreciated than social cohesion and equality. (Vanttaja and Rinne 2008) Already in 1997, i.e. five years ahead of the Lisbon strategy, the Estonian government stated the main goal of educational reforms as developing an educational system that will allow Estonia to compete successfully at the European goods and labour market. (VVk 1997) Criticism towards the domestic policy-making capacity and towards the question of whether the EU approach to educational objectives was a good fit created a situation that according to the research literature (Dolowitz and Marsh 2000; Rose 2005) favours policy transfer.

Method: applying the policy-learning approach

Theories of policy-learning have gained remarkable attention in the last decade. Europeanisation has played an important role in this by providing good grounds to verifying relevant theoretical accounts. Much research has pointed to OMC as a policy device intended to rely on the comparative method and on the potential of policy transfers. (Wallace 2001; Novoa and deJong-Lambert 2003; Rodrigues 2003) The first pieces of work on Europeanisation applied the policy transfer approach to the policy areas that belong to the single market. (Radaelli 2000; Risse, Cowles and Caporaso 2001) Later on, when OMC became firmly established, policy-learning accounts were also used to study Europeanisation in soft policy areas including education. (Phillips and Ertl 2003; Novoa 2001) The majority of the studies investigate how Brussels can motivate or oblige policy transfer. Fewer authors stress that the impact of EU institutions is not straightforward but mediated by various factors. The level of how well the EU policy fits with domestic structures and values (Risse, Cowles and Caporaso 2001), "horizontal effects" of Europeanisation understood as the result of increased competition or cooperation between countries (Vink and Graziano 2007) and the legitimacy of the EU in member states (Radaelli 2000) are studied as factors explaining the EU impact on national policies.

I will apply these approaches on mediated policy transfer to the education policy of Estonia, which used to learn from its neighbouring Finland. The aim of the article is to find out whether the role of Finland in drawing lessons has changed since Estonia entered the EU and whether this can be explained by the active interference

of the EU in educational policy. I assume that those EU policy objectives and indicators gain priority in the Estonian policy agenda, where a feasibility to draw a lesson from Finland exists. Thus, another member state, which serves as an arena for policy transfer can play a catalysing role in enhancing the Europeanisation of national policy. In order to prove the hypothesis, I will study several issues in Estonian education subject to policy transfer by asking the following research questions:

1. What are the arguments of actors in looking to reform experiences abroad?
2. What are the policy-learning mechanisms? Do they evolve in the course of time?
3. Are the Finnish experiences that have been transferred related to the EU policy objectives? Do they explain the variance in the success of learning exercises?

In order to carry out the analysis I will adopt the framework by Dolowitz and Marsh (2000), who studied policy-learning by distinguishing arguments, main actors, mechanisms and arenas of the learning process. In soft policy areas, where the EU governs via an open method of coordination, it is not an easy task to define explicit tools of policy transfer. However, some previous studies stress the ability of the EU to frame the policy discourse and in this way affect perceptions and alter the direction of domestic policy debates. (Knill and Lemkuhl 1999, Jepsen and Serrano Pascual 2005, Moreno and Palier 2005, Örnberg 2008) Therefore, studying how policy issues are talked about and which vocabulary is used can be a workable tool to define the presence of Europeanisation in education policy. Interviews with key actors in the field and content analysis of national policy documents will be used for this purpose. Policy documents also allow defining how often an explicit reference to the EU Lisbon strategy or to the “Common objectives in education and training 2010” is made, including use of European benchmarks and indicators. Additionally, typical mechanisms of policy transfer such as the use of foreign experts, study visits, translation of guidelines and manuals will be counted as evidence of the Finnish influence on Estonian education policy.

Given the broad scope of educational policy (Vocational Education and Training, Life-Long Learning, Higher Education), I will focus on primary and secondary education only. Two arguments guided this decision. Firstly, the Finnish influence is more visible in Estonian primary and secondary education, whereas Estonian vocational education used to look mainly to continental Europe, and higher education has more similarities with Anglo-American than Nordic traditions. The second reason lies in the history of EU educational policy. Primary and secondary education was included into the EU policy agenda quite recently and therefore, “adaptation pressures” might be easier to detect. (Risse, Cowles and Caporaso 2001, 8)

Out of the debate-intensive primary and secondary education policy, I selected three issues that have gained significant attention of domestic actors and are related to the “Common objectives in education and training 2010” framework. These issues are curriculum reform, revision of school evaluation and students’ assessment system and improving equal access to education.

The analysis is organised according to the two different periods because paying attention to the time sequences between EU policies and domestic change allows better to determine effects of foreign influence. The pre-accession period of 1995-2003 and the period since 2004, when Estonia became a member of the EU, will be studied by exploring arguments and mechanisms of policy transfer.

Analysis: Two periods, different logic

Pre-accession period – from policy diffusion to contested approaches

In the early transition period, Estonia received assistance from various democratic countries. Besides the Baltic Sea neighbours, Canada and USA were active in promoting democracy-oriented education. Still, the most massive exchange of expertise occurred with Finland, both at the grass-roots level and amongst policy makers. “There was hardly any school in Estonia that didn’t have a twinning school in Finland. Finns were also very active in creating and developing professional contacts”, the Head of School Headmasters’ Association explains the situation. (Kaasik 2005, 41)

The impact of Finnish experience was strongest in the curriculum reform. Already in 1992, a cooperation agreement was signed between the Estonian Ministry of Education (MER)¹ and the Finnish National Board of Education (FNBE) on assistance in writing the national curriculum. Finnish experts visited Estonia several times, and Estonian experts were invited to train in Finland. “In the beginning we were working as in fog. Finns’ advice gave us confidence that we are working in the right directions in order to compose a democratic curriculum for the independent Estonia.” (Ruus 2008) These words explain the dominating argument of policy transfer. In this period, the curriculum reform was understood in Estonia as a tool of return to the Western world, away from totalitarian Soviet education. (Ruus 2004, 26; Alajõe and Ginter 2008, 40) In the 1980s, Finland played a role of the “window to the West” for Estonia; in the 1990s, this perception was still strong.

The Estonian curriculum was initiated and written by national working groups, but under regular consultations of Finnish experts. It was enacted in 1996 as planned in the government coalition agreement. The adoption of a new curriculum was justified not only by the necessity of democratisation (because this had already largely been done in the previous curriculum of 1989), but also by the willingness to transfer certain principles of the Finnish curriculum, such as increased autonomy of schools via drafting their own curricula and an explicit definition of learning outcomes. (Ruus et al. 2008, 17) Two years after adopting the curriculum, the Estonian Ministry of Education requested a peer review of the curriculum from the FNBE that served as a basis for the further development of the curriculum. (Ruus 2004, 19)

In conjunction with the curriculum reform, another policy-transfer issue rose onto the agenda. Finland had a system of national matriculation exams, and Estonia wanted to implement it, too, in order to measure learning outcomes defined in the

¹ On 1 January 2003, the Ministry of Education was renamed the Ministry of Education and Research

national curriculum. Here different stakeholders had different positions: policy-makers were in favour of the exam system, whereas educational practitioners and parents were against it, being afraid of increasing competitiveness in education. Nevertheless, the national examination system was introduced in 1997.

This fact indicates the emergence of a neoliberal orientation in Estonian policy that became apparent at the end of the 1990s when right-wing political parties formed the government. Education-policy thinking started to converge with the Anglo-Saxon neoliberal model. (Loogma 2005) Although England was never mentioned in formal policy documents as a site for policy-learning, one can see the influence of British reform ideas. Issues of efficient resource allocation rose to the forefront; school autonomy, school choice and accountability of schools to the parents were also often debated. All these keywords characterised educational reforms in England in the 1980s and 1990s. (Gorard, Taylor and Fitz 2003) Yet, the neoliberal approach actively advocated by international organisations became a mainstream in policy-making for many countries in the 1990s. Therefore neoliberal features can also be found in Finnish education policy although to a lesser extent than in Estonia (Vanttaja and Rinne 2008, 342).

Neoliberalism had its impact also on the curriculum development, which was attacked by different parties. Domestic debates stressed that it does not leave enough choice to the students. Peer reviews by the Finnish Board of Education and OECD criticised the vague description of key competencies that did not allow an efficient measurement of study outcomes. (OECD 2000, FNBE 1999) This criticism led to a new round of the reform. Differently from the Scandinavian policy traditions, the task was outsourced to the special department at Tartu University. Yet, in 2002, the curriculum was enacted by the national government without radical changes compared to the former version. In 2003, a new government was formed, and the Minister of Education, T. Maimets, was a keen advocate of Finnish education. He suggested among other things to adapt the Finnish curriculum as completely as possible. (Alajõe and Ginter 2008, 39) However, emerging educational interest groups opposed this simple solution.

In parallel to this continuous debate on curriculum reform, interest groups raised new issues referring to the existing Finnish good practices. These groups acted mainly under the umbrella of the Educational Forum, an NGO uniting school leaders, educational practitioners and researchers. In 1998, the Educational Forum urged the development of a comprehensive long-term educational strategy and fundamental revision of all main legal acts in the field of education. One of the aims was to streamline the education system in order to facilitate student mobility within the system. The proposition was to abolish the existing division of schools into different tracks (vocational, general) and treat them on the basis of educational levels solely. This idea follows the pattern of the educational legislation reform in Finland, which was implemented in 1999. (Eurydice 2006) In 2001, the Ministry of Education approved the draft document of the educational strategy that created a good premise for adopting the Finnish school system. However, due to the reluctance of the National parliament, the proposed amendment remained in the draft status. "Regrettably the legislation reform is completely stopped", declared one of the leaders of the Educational Forum. (Aarna 2005, 36) The situation with the new educa-

tional strategy was not better – instead of approving a comprehensive strategy, the government continued with twelve separate strategies in the area of education.

Thus, the situation in terms of policy-learning became more complicated at the turn of the millennium. One of the observable trends is the shift from simple policy diffusion to more complex learning. Policy diffusion occurs when countries are geographically close and have vital cooperation. (Walker 1969) Both these factors were present in the Estonian education policy in the mid-1990s. Using Finnish expertise for advice, training and peer-reviewing was a dominant tool of policy transfer then. The adaptability of Finnish experience in the Estonian context was not debated, nor was any strong pressure group in the arena, who could advocate some alternative model. The main motive for policy transfer was gaining confidence in building democratic education although it was not based on systematic comparative studies but rather “on eclectic experience and emotional wishes to achieve the Nordic neighbours’ life standard, or on fears of adopting one’s own decisions.” (Alajõe and Ginter 2008, 40)

Step-by-step lesson drawing attempts became more complex trying to catch various issues and tools. Additionally, educational reforms were put into the broader context of the welfare regime choice, where policy actors did not share a common view. Some actors valued social-democratic education with equal opportunities; some advocated the neoliberal vision allowing to arguably better meet quality in schooling. Using foreign experience to legitimise domestic policy change became an important motive of policy transfer. Instead of inviting foreign experts as in former years, domestic actors composed draft laws themselves by referring to relevant Finnish legal acts.

The success of policy-learning attempts varied. Some attempts failed (implementation of strategic planning, comprehensive legislation reform), some succeeded without revision (national exams), some were altered during the reform process (curriculum). What can explain these differences? The literature on policy-learning suggests that cultural and ideological closeness promotes lesson drawing (Rose 2005), whereas the complexity of the issue could hinder it. (Dolowitz and Marsh 2000) Additionally, the political power of actors advocating foreign experience increases the chances for success. (Marmor et al. 2005, Rose 2005) The current study confirms these arguments. Because the national testing system fit well within the popular doctrine of outcome measurement and school choice, it was implemented fast. The curriculum as a more fundamental issue faced different positions of political actors including reluctance to transfer policy from abroad. An attempt to implement an overwhelming educational strategy as it exists in Finland failed because it was too complex for fast solutions, and it was pushed by the non-governmental experts, who, in that period, were not yet involved in formal policy-making.

The post-accession period – towards increasing self-confidence in policy-making

In 2004, Estonia became a full member of the EU; at the same time attempts to transfer the best practices from Finland continued. Thus, the situation with policy-learning became increasingly mixed in terms of objectives and influences.

The relevance of the EU common educational objectives for domestic policy was

quite vaguely understood in the beginning. As declared in the first Estonian National Report on progress towards EU indicators and benchmarks, the “fields that are most important for Estonia are given priority also in Europe.” (COM 2005, 5) According to the National Report, the fact that national and EU policy fit so well was the reason not to establish a separate mechanism for the implementation of the objectives as recommended by the Commission (Ibid).

At the same time Finland remained an attractive arena for policy-learning. The primary reason for that were the results of PISA 2003, where Finland performed extremely well. This urged an intensification of study visits to Finland. For example, at an international conference on the Finnish educational “miracle”, held in Helsinki in spring 2005, 10% of the participants were from Estonia. (Aarna 2005) These events opened up a new round in old debates on joining international studies and reforming the national curriculum.

The necessity to join the assessment surveys had already been raised by experts at the end of the 1990s referring explicitly to Finland as a good example of integrating national and international interests. (Ruus 2003, 9) However, “nobody/in the Ministry/did care, did not understand at that time.” (Ruus 2008) Now the situation started to change; Estonia participated in IEA TIMSS 2003 and decided to join OECD PISA 2006. On the one hand, this demonstrates the growing internationalisation of Estonian education policy. On the other hand, some EU indicators in education (share of low achievers, achievement disparity, dispersal of higher order thinking, etc.) were taken from the PISA and IEA studies that increased the policy relevance of international achievement scores.

Two aspects should be highlighted here in order to understand the policy-transfer mechanism. Firstly, Finnish education gained interest amongst Estonian policy-makers because of its great success in the PISA main rating. Secondary ratings such as the very small portion of low achievers and the low disparity in student achievements were pointed out by few academic experts only. (Ruus 2005, Aarna 2005) Hence, the government stressed these aspects of the Finnish system, which fit well with the neoliberal ideology (more freedom to schools, individual development plans for students). This was done despite the fact that Finland itself had decided to return to a more centralised curriculum. This situation is called “mythmaking” in drawing lessons, meaning that the experiences of other nations are only occasionally seriously examined; policy-makers see foreign examples parochially as promising solutions to domestic problems. (Marmor, Freeman and Okma 2005, 334)

Another noteworthy aspect concerns the different approaches of various actors to the way how lessons should be transferred. Some top MER officials wanted to copy the Finnish curriculum fast and without adaptation. Academic pressure groups became worried about such attempts. “If we just take it, it will be disastrous to Estonian education, because we never learn to make a curriculum ourselves”, said one of the leading educational researchers. (Ruus 2005, 86) Analysts warned also that because of the different social context and educational practices, the application of the Finnish curriculum in Estonia would cause a total policy failure. (Ruus 2005, 87)

The controversy between policy-makers and experts has been one of the factors that hindered the quick implementation of the Finnish curriculum. Additionally, a new government coalition was formed as a result of the parliamentary elections in

2005. The revision of the Estonian curriculum was restarted from the very foundation although without remarkable progress. In this stalemate situation, policy-making activities were refocused on less controversial issues such as the provision of free school lunches and workbooks, the reform of the school evaluation policy and the organisation of extracurricular activities. Not surprisingly, Finnish experience guided these policy initiatives as well. For the left-oriented interest groups, the introduction of free school lunches and state subsidy for extracurricular activities were seen as tools to soften the impact of the liberal market economy; advocates of neoliberal thinking referred to these measures as predictors of Finland's success in PISA. Thus, lesson-learning became more selective and bound to the ideological orientation of the actors.

In parallel to Finland, the European influence became more apparent in the national education policy. This can be found for example in the reform of the school evaluation system. The quality discourse and school evaluation issues were top priorities for the EU. When the Ministry of Education and Research started active work towards the implementation of internal evaluation in schools, it explicitly referred to the European experience. (MER 2006) In parallel to implementing the European discourse in quality management, MER used the Finnish expertise in the field. Similarly to Finland, Estonia abolished school inspections, introduced compulsory self-evaluation and developed an integrated system of external and internal evaluation. Finnish experts were invited to training seminars, and relevant Finnish manuals were translated into Estonian.

The increasing role of the EU can also be seen in policies on equal access to education. The introduction of compulsory pre-primary education and the increasing flexibility of the school system can serve as evidence here. None of these issues has been reflected in the first Estonian national report on educational indicators (COM 2005) although they were highlighted in the Commission progress report. (COM 2006) However, just one or two years later, concrete actions were taken.

The pre-primary education reform was prepared in 2006 and will be implemented in 2007-2009. (MER 2006b) In terms of lesson-drawing, it represents a mixed case. Estonia has set a nearly universal enrolment rate (95%) in pre-primary education for 2010. This is in line with the EU benchmark, but significantly exceeds the relevant figure for Finland. (COM 2007, 28) On the other hand, according to the draft law, pre-primary schooling may occur not necessarily in kindergarten, but also in day-care centres or at home. This is the existing practice in Finland. Similarly to the case of the school-evaluation reform, Finnish experts served as consultants in drafting the pre-primary education reform.

The case of improving flexibility of the educational system by the integration of the vocational education training (VET) and general education represents a similar story. After long debates, the former system of VET institutions was reformed in 2006, and a system comparable to the Scandinavian ones was introduced. (Eurydice 2007) The change had two objectives: firstly, to allow vocational training for persons without basic education and secondly, to increase vocational school graduates' competitiveness while applying to the higher education. Both these objectives were highlighted in the Commission progress report as good practices to be found in Scandinavia. (COM 2006)

These two cases confirm Radaelli's thesis that for the implementation of an EU policy, a relevant attractive national practice must exist, which can be "inseminated". (Radaelli 2000)

In 2007, Estonia enacted a new Development Plan for the Primary and Secondary Education, which reflects the growing importance of Brussels. Firstly, the language of the document uses keywords common in the EU progress reports on education and training. As T. Annus, one of the senior civil servants in MER, explained, via the EU documents, policy-makers have gained the confidence that they "can phrase the topic of the access to education in such a way, to look at things in this way" (Annus 2007, 33). Secondly, explicit references to the EU documents are made in the Development plan when analysing the domestic situation in education. Inter alia, the need to increase investments into pre-primary education is described as a priority for the EU. (MER 2006b, 9)

Yet, regardless of this Europeanisation in language, a systemic adjustment to the EU education policy is lacking in the national Development plan. The master document, "Education and training 2010", is not mentioned amongst related strategies. Instead domestic activities in education policy are listed within the "National Action Plan on Economic Growth and Jobs". (MER 2006, 44) Thus, Estonia located its education policy in the area of economy and labour market as it was typical for the pre-Lisbon tradition in the EU.

In sum, the first two years of Estonian membership in the EU are marked by contested and eclectic attempts of policy transfer. Some issues that fit well with the political orientation of the neoliberal government were imported both from Finland and Brussels. References to the EU documents were used to legitimise domestic reform ideas, whereas Finnish expertise was used in the implementation stage. The latter included the taking over of educational arrangements, the invitation of trainers and the translation of manuals.

The very latest developments suggest that Estonian education policy becomes more oriented towards the EU, leaving Finland in a secondary position. Interviews and policy documents support this argument. In earlier years, Estonian Ministers of Education referred to Finland in their speeches, but now they refer to the Lisbon strategy. "There was no Lisbon mentioned four-five years ago but today. I think the Lisbon strategy has become stronger and stronger." (Annus 2007, 39)

In 2008, a joint Development plan for all education areas was finally enacted by the Ministry of Education and Research. (MER 2008) Compared to the Development plan of primary and secondary education implemented two years earlier, it has significantly more references to the EU education policy, including naming the programme "Education and training 2010".

In addition to the issues and keywords, European statistical indicators are used to frame the domestic policy agenda. The problem of early school drop-outs can illustrate this emerging trend. This issue had already been raised in Estonian education policy many years earlier and was repeatedly discussed. However, debates and previous policy reports focused on students' drop-out from grades 6-8, whereas the EU measures the share of 18- to 24-year-olds with lower secondary education who have left the education system. Thus, there was a mismatch between the domestic and the European indicator. In the joint Development plan of 2008, this mismatch

has been abolished by implementing the EU indicator. “Because we are members of the EU we cannot act in a different way. We share common objectives that are not set without us. If there are some indicators that help us to define our position, then we shall use them.” (Annus 2007, 39) Thus, policy-learning has led to the emergence of administrative identity, based on statistical indicators as revealed in some previous studies. (Moreno and Palier 2005)

However, when Estonia looks more closely towards Brussels, Finland is losing its interest in European education policy objectives. Arguably, European benchmarks are regarded as too low and thus not relevant for Finland. (Naumanen and Rinne 2008, 303) Because Estonia also performs quite well in several benchmarks, a similar demotivation mechanism can appear in the future. However, the question remains of whether Estonian policy-making has become as confident as its Finnish counterpart to set the national agenda independently.

Summing up

This analysis was one of the many attempts to discuss the impact of Europeanisation on domestic policy change. The empirical base, a new member state, was non-typical, and so was the chosen policy field, education. One can argue that for both, there is not enough “history” yet to draw reliable conclusions. This can be partly true. However, a first generation of country studies is needed to build the “basic ingredient for improved policy learning.” (Marmor et al. 2005, 344)

I studied the impact of Finland on the Estonian education policy in the last decade involving pre-accession and post-accession periods. My assumption was that the EU membership affects the pattern of lesson-drawing. Another member state which serves as an arena for policy transfer can play a catalysing role in enhancing the Europeanisation of national policy. To test this assumption, I looked at motives and mechanisms used by political actors in different periods applying the theoretical framework by Dolowitz and Marsh (2000) and the latest contributions of several authors on policy-learning within the framework of the OMC. (Knill and Lemkuhl 1999, Jepsen and Serrano Pascual 2005, Moreno and Palier 2005)

The analysis revealed a significant evolution in arguments of lesson-drawing. In the early pre-accession period, the dominant motive shared by all actors in the field was the willingness to gain the confidence that the chosen policy orientation fits with democratic principles. Later, when policy actors formulated their particular political visions, foreign experience was used mainly to legitimise domestic reform ideas. Due to the variance of political preferences, policy transfer became more selective and contested.

The post-accession period, when Estonia became part of the OMC process, is characterised by a progressive increase of the EU influence. In addition to using the EU for legitimising domestic policy change, a feeling of belonging becomes important. To be European appears as a strong argument for using EU policy “language” and statistical indicators to frame national education policy. In parallel to the increase of a European identity amongst Estonian policy-makers, Finland loses its central role in policy-learning. The study suggests that Finland played a catalysing role in the Europeanisation of Estonian education policy only in a limited period. Shortly before

and after Estonia became a member of the EU, Finnish experience was used to legitimise Brussels' vision and to implement relevant policy change in practice.

The low legitimacy of the EU as an obstacle to learning (Radaelli 2000) was not proved by the current analysis. Rather to the contrary, the EU activism helped legitimise domestic decisions, which were pending for a long time.

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Trust and Integrity Violations in Finnish Public Administration: The Views of Citizens

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ABSTRACT

Trust and integrity are the cornerstones of a democratic and open society. Good governance and transparency should be studied by observing citizens' influence, particularly when the citizen perspective is often neglected in empirical research on administrative ethics.

This article deals with trust and integrity violations in Finnish public administration from the citizens' viewpoint. We survey how ordinary citizens judge (significance valuated) trust and integrity violations in Finnish public administration. The following ethical issues are analysed:

- trust in public organizations and institutions
- serious violations of integrity, such as bribery, theft and fraud
- other forms of corruption such as old boy networks, nepotism, linkages in business life and bad and careless treatment of citizens.

The evidence is based on the empirical data from a large-scale citizen questionnaire implemented by the University of Vaasa in Spring 2008. Two of the 18 questions of our questionnaire form are reported upon here, including unstructured responses from open-ended questions. The original sample of the survey incorporates 5,000 Finnish people. Compared to other national surveys, the sample of the study is regarded as relatively high.

Ethical governance is based on trust. Among citizens, trust is a sort of general confidence in politicians and public authorities. Ethical governance is also based on model examples given by politicians and public authorities. In the case of Finland, public organizations and institutions so far enjoy the confidence of ordinary citizens, and estimations of unethical actions were quite moderate. However, citizens estimate that old boy networks, nepotism and excessive linkages in business life as corruption forms are quite common in the Finnish society. We expect that if unethical actions, e.g. excessive linkages in business life, become more usual, this will sooner or later interact with trust.

The article continues the methodological discussion of the relevance of survey-based research in administrative ethics. By collecting citizens' opinions, attitudes and expectations about chosen ethical issues, we expect that the article will provide the grounds both to consider and develop 'citizen-focused' ethical governance.

The article is based on our conference paper at EGPA Conference 2008 in Rotterdam (Study Group: Ethics and Integrity of Governance).

Key words: administrative ethics, trust, integrity, corruption, citizens, survey-based research.

1. Introduction

Trust and unethical actions: previous discussion

Administrative ethics and integrity violations have been the subject of considerable scholarly study and research (e.g. Frederickson and Ghere 2005; Cooper 2006; Lawton and Doig 2006; Sampford et al. 2007; Menzel 2007, Huberts et al. 2008). Basically trust is a trait of deserving confidence. Trustworthiness is a moral value. Are there clear explanations in previous research how trust is related to unethical actions? What causes lost in trust, low trust or distrust? (see more, Christensen and Laegreid 2002, 2005; Kim, Helgesen and Ahn 2002; Bouckaert and Van de Walle 2003; Heinzman and Marson 2005; Menzel 2005; Warren 2006; Chang and Chu 2006; Van de Walle et al 2008; Six and Huberts 2008.)

People's trust in public institutions is a complex and multidimensional issue. Warren (2006: 164) refers to Jeremy Bentham's classical statement according to which every good political institution is a system of distrust, because politicians have authority and temptations to abuse it. That is why we can ask: Are politicians and public sector leaders trustworthy? One single factor to explain trust does not exist. Those who are involved in politics might think more of their own welfare than of the welfare of citizens. Secondly, a high level of trust in one institution tends to extend to other institutions. Thirdly, in general terms, corruption decreases institutional trust.

As Six and Huberts (2008: 65-69) stress, trust is an attribute of the trustor, and trustworthiness is an attribute of the trustee. In our analysis, citizens as trustors evaluate trust in three types of Finnish institutions and organizations. From the trustees' viewpoint, citizens judge the level of integrity by giving their assessment of the frequency of unethical actions in the Finnish politico-administrative system. Trustworthiness is studied in relation to serious and other forms of corruption. The concept of trust covers both politicians and public authorities.

Integrity violations belong to the debate of political and administrative trust. Corruptive phenomena erode citizens' trust in the administrative and political systems, and there are numerous debates about officials' and politicians' independence from external linkages. Indiscreet behaviour by those who govern may damage public confidence (Isaksson 1997, 10; Fawcett and Wardman 2008, 123, 136).

Our previous contribution to integrity violations dealt with the control mechanisms of corruption in Finland (Salminen et al. 2007). In that discussion it remained unanswered whether the country as the least corrupt nation in the world is perceived

to be as corruption-free as the international statistics (Transparency International) portray. In Table 1, a limited country ranking of corruption is presented. True or not, in a comparative setting, Finland is still in a good position. But when analyzing the views of citizens, this ranking list is partly beyond the questions we pose here.

Table 1.

Country rankings in Corruption Perception Indices: Finland among neighboring and Baltic countries.

Year and rank	2002	2003	2004	2005	2006	2007	2008
Country	Rank	Rank	Rank	Rank	Rank	Rank	Rank
ESTONIA	29	33	31	27	24	28	27
FINLAND	1	1	1	2	1	1	5
LATVIA	52	57	57	51	49	51	52
LITHUANIA	36	41	44	44	46	51	58
NORWAY	12	9	8	8	6	9	14
RUSSIA	71	86	90	126	121	143	147
SWEDEN	5	6	6	6	6	4	1

Part of this is exactly what we are trying to do in this presentation. Trust in different types of institutions and organizations, and different forms of corruption are described. In the Finnish survey data, citizens express their views, opinions, attitudes and expectations towards trust and unethical actions. However, comparative settings of explaining trust in different countries (Kim, Helgesen and Ahn 2002) and common explanations of distrust in the public sector (Van de Walle et al 2008) are not included in this analysis.

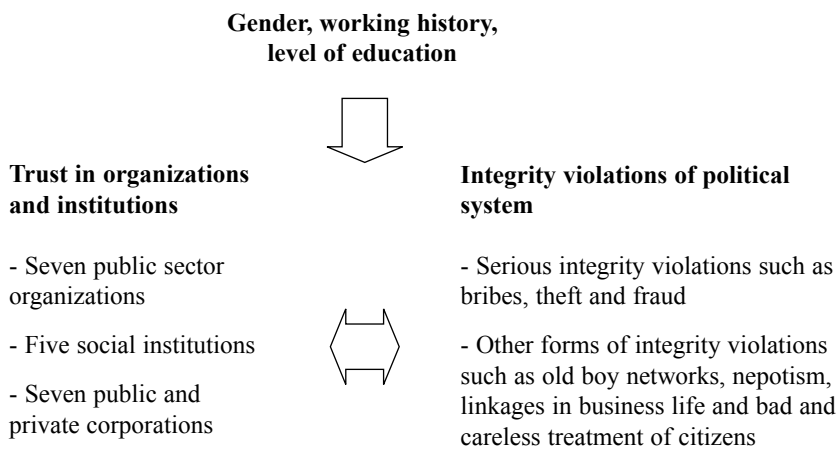
The focus of our presentation

Two core ethical issues are examined, namely trust and integrity violations. Although trust is clarified in Finland through academic research and governmental reports, there is a limited number of research reports which relate trust to unethical actions in parallel. The interconnection between trust and corruption is rather rarely studied as far as it concerns citizens' views. As far as it concerns our focus, we share the opinion of Van de Walle (2008, 215-216), that the relationship between trust and integrity violations is complicated rather than easy. Do perceptions of trust determine the views on integrity violations or vice versa?

According to our considerations, a fresh approach to the integrity issue is how ordinary citizens view trust and corruptive behavior in Finnish public administration. In reflection of the hardening ethical climate of the Finnish society, politicians and leading public employees are not safe anymore from public debate and severe criticism. A few ethical issues are taken under closer examination here as structured in

Figure 1. The subjects of the questions represent both sustaining and violating integrity. Basically trust is a part of maintaining integrity. According to our questionnaire, other issues of integrity, such as good administration, accountability, responsibility and openness, are not included in this analysis. Trust was estimated through 19 governmental and non-governmental Finnish institutions and organizations (for details, see Figure 2). On the contrary, as part of violating integrity, unethical actions are described through the seven forms of unethical actions, including one open-ended question named by citizens themselves (for details, see Figure 3).

Figure 1.
Chosen issues for ethical analysis.



More accurately, two questions are posed here. The first is how trustworthy Finnish citizens estimate the above-mentioned organizations and institutions to be. Issues of trust are examined through trust in public sector organizations, trust in social institutions and trust in public and private corporations. The second question is how frequently the above-mentioned eight unethical actions take place in the estimations of Finnish citizens. The detailed list of questions is presented in the Appendix. In addition to these two questions, we analyze three socio-demographic variables, namely gender, working history and level of education. We try to find differences in opinions between the different respondent groups.

The national citizen survey

For gathering opinions, attitudes and expectations – as we did –, the survey technique is an accurate tool in administrative ethics when the purpose is to reach a wider population (see e.g. Bossaert and Demmke 2005; Salminen 2006; Demmke et al. 2007; Moilanen and Salminen 2007; Van de Walle 2008). The evidence of this research is based on the empirical data from a national citizen survey implemented

by the University of Vaasa.¹ The questionnaire consists of three main themes: citizens' assessment of:

- 1) ethics of public services, such as guaranteeing public services, ethical values of services and the future of public services
- 2) good administration, such as administrative principles, accountability and the realization of virtues
- 3) ethics of the political system, such as democracy, openness and transparency and change of ethics in society.

The questionnaire form is twelve pages in length. Altogether, it covers 18 question groups and 128 statements and assessments of the ethical themes. Each of the three themes has one open-ended question. Three additional open-ended questions were included at the end of the form. Through these questions, a lot of personal stories were collected from the respondents. The written-down material is about 300 pages.

The questionnaire, with separate introductory letters and postage-paid return envelopes, was sent in March and re-sent in April 2008. The survey was sent to 5,000 Finnish citizens, aged 25-65. The sample was chosen to represent Finland in miniature. The survey-sample was received from the Finnish public agency called the Population Register Centre. All the questions are multiple-choice. The multiple-choice questions were executed in Likert's scale to secure the statistical runs. The answers were recorded in the statistics program SPSS.

The careful selection of the respondents raises the validity of the results of our study. What also speaks for their validity is the relatively high response rate. Although incentives were not used, the response rate rose to 40.4 %. More than 2,000 carefully completed questionnaire forms were returned.

2. Trust in organizations and institutions

The first issue in our article is trust, which can be regarded as one of the leading ethical values in the Nordic countries. If trust is lost in the public realm, much is lost. The whole political and administrative system will appear in a different light.

Trust is studied through different dimensions: trust between individuals, trust towards the activity of professionals, trust inside and within organizations, trust between organizations, trust in politicians, or trust inside the community. (Lawton and Doig 2006, 16-17.) When talking about trust, it is a question of citizens' emotions, beliefs, opinions and experiences shaping through many processes. Part of the opinions are already formulating as youngsters through the process of socialization. We agree with Christensen and Laegreid (2005, 487) that when a citizen strongly

¹ The survey is a part of the large research program "Citizens first? Ethical Government in Terms of Citizens" (<http://www.uwasa.fi/eettinenhallinto/english/>) in the University of Vaasa. The three-year program is funded by the Academy of Finland.

trusts one organization, he/she is likely to also trust other public sector organizations.

All distrust is not harmful. A certain amount of distrust is healthy and functional: it is needed to maintain the level of administrative accountability. The optimal level of trust depends on the development of political and administrative culture. The certain level of trust may be high in one but low in another country. (Van de Walle et al 2008, 52; see also Hofstede 1980.) There is no single or unambiguous explanation why some organization seems to be trustworthy and another does not. It is the question of personal experience, the experience of the circle of acquaintances, images and the history and base of the trustor. (Van de Walle 2005, 224-225.)

Lewis and Gilman (2005, 21) state that public sector ethics is different from private sector ethics because the citizens' trust keeps democracy effective – or at least alive. Strict ethical standards are included in public trust. The OECD report (2000) underlines that public service also means public trust. Citizens assume they will get impartial service, and when the service level ensures impartial and trustworthy services, trust in public administration increases. Public trust is an essential factor when talking about the successes and losses of organizations. Trust is a question of an organizations' reputation. Institutionalized trust is more important to the society than personal, informal trust which can be connected to old boy networks, political patronage or even criminal mafia (Harisalo and Stenvall 2001; Harford 2008).

Why research institutions and organizations? Citizens have much more connections with administrative institutions and organizations than with political, representative institutions and organizations. Experiences from administrative actions have a direct connection to thoughts about the political system on the whole. (Rothstein 2005, 108-109)

Empirical findings

In Figure 2, the citizens' estimation of the trustworthiness of 19 Finnish public institutions and organizations are presented in three different categories. To us, the results are not outstandingly surprising. Compared to previous surveys of other countries (Listhaug 1984: 114; Warren 2006: 165), the figure indicates that the police (police officers), the legal system (judges) and the education system (teachers, professors) and also the military (military officers) are highly ranked. The results of Harisalo and Stenvall (2001) are similar to our results: police and military at the top, and media and science in third and fourth place in Finland. In the World Values profile study (Borg et al. 2007), it turns out that from 1981 to 2005, public trust in the police and military has got even better. We share the opinion that as long as citizens trust in public institutions, the whole society works better.

Our survey indicates that citizens trust strongly in such public sector organizations and social institutions as the police, universities and polytechnics, elementary and comprehensive schools, the military and hospitals and health centres. Surprisingly among public corporations, The Finnish lottery monopoly also belongs to the top five.

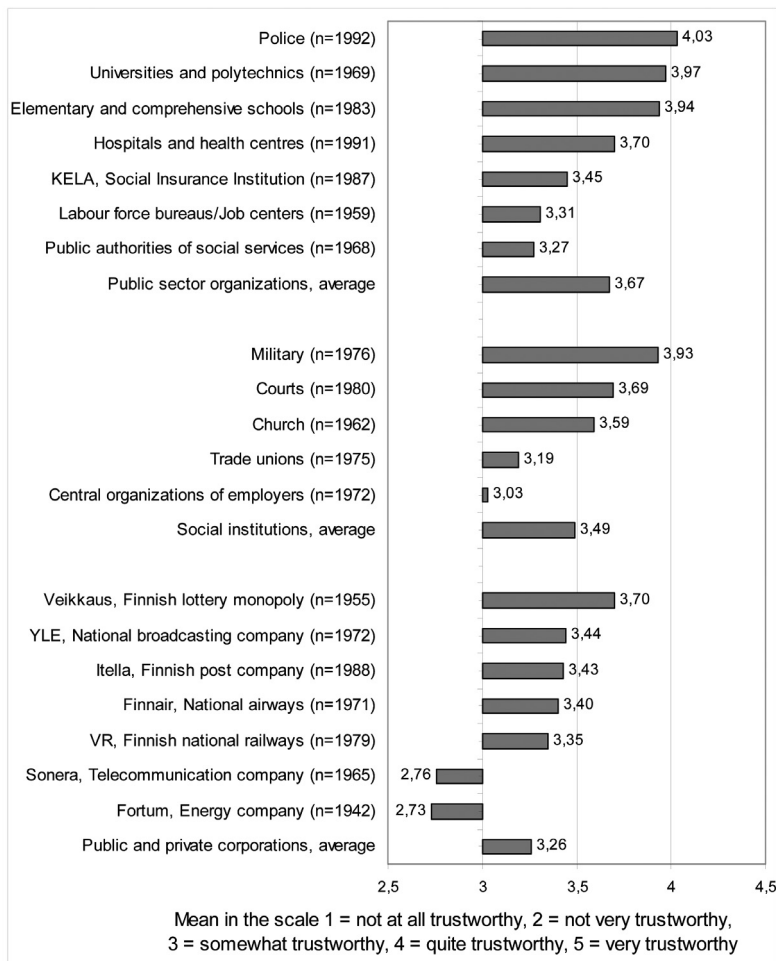
In the personal (individual) stories of the questionnaire, the majority of criticism

concentrated on the social insurance institution, the health care system and labour force bureaus. Even so, all these institutions and organizations enjoy moderate public trust. The percentage shares of quite and very trustworthy are several times higher than the shares of not very or not at all trustworthy (Appendix). Because most of these institutions and organizations represent branches of the administration, the figures in fact give a broader conception of trust in the Finnish politico-administrative system.

Trust in public and private corporations strongly depends on the individual organization. As private corporations, Fortum and Sonera did not enjoy trust, but Finnair and Itella did. Trade unions and the central organizations of employers did not enjoy as much trust as traditional public organizations and institutions. If the value “3” is considered as the turning point for “trust” (≥ 3) and “less trust” (≤ 3), the average of each group is clearly higher than 3, and only two private corporations remain under the mean value.

Figure 2.

Trust in Finnish public organizations and institutions: the views of citizens.



Moreover, one question of the six statements of democracy in our survey dealt with trust among the Finnish politicians. The following statement was set: Local politicians are more reliable than politicians at the national level. More than 30 percent agreed with the statement and less than 30 percent disagreed. In that specific question, the difference was not remarkable. The majority of respondents was more or less neutral. They did not agree or disagree.

When asking about the trust in institutions and organizations, we are basically interested in the trustworthiness of the whole political system. We should keep in mind that our survey was carried out at a time when exceptional unclarity occurred in the political life in Finland. For instance, the private lives of prime and foreign ministers were continually discussed in the media. The limits of their privacy were tested. Investigative journalism was left aside, and public debates became more or less sensational. The prime minister felt that his privacy was infringed upon, and the case is considered in court. The foreign minister lost his political confidence, and was forced to resign and leave the Government after a heavy public debate.

In our questionnaire forms, several comments were made about these issues. We suspect that those incidents might have had an influence on citizens' attitudes in our survey. Due to the time period of the survey implementation, the impact of views of the citizens is more short- than long-term.

Gender, working history and education as background factors – do they matter?

Is it possible to explain the reactions of respondents by different variables? Some tentative findings are worth highlighting. As mentioned earlier, the data was processed through three background variables: gender, working history and level of education. We have calculated the percentage shares of statements for each group. We report here the differences we consider to be worth mentioning because the result strikes us as remarkable or surprising.

First, if the gender of the respondents is considered, women express higher trust in the majority of asked institutions and organizations: health care, the military and the Finnish lottery monopoly were more trusted by men than women.

Secondly, if the working history of the respondents is considered, three main groups are identified: those whose working history is 1) in the public sector, 2) in the private sector, 3) both in the public and private sectors. Working history as a background variable gives a couple of significant differences between groups. Those who have worked in the private sector clearly expressed the highest trust in the military and the Finnish lottery monopoly in comparison with the other two groups. Generally, however, those working in the public sector trusted the organizations and institutions asked about the most. One reason may be that with a long working history in the public sector, you are familiar with how the system works and you feel sympathy to the whole sector, not only to your own branch.

Thirdly, the level of education brings out a couple of opposing views between respondents. It became evident that respondents with more education had significantly more trust in courts than respondents with less education. On the contrary, respondents with less education felt more confidence in the majority of the Finnish

public and private corporations.² The less educated also clearly trusted trade unions and central organizations of employers more than respondents with more education.

3. Integrity violations

Integrity violations can vary from corruption to unethical social behavior in the working environment. Integrity violations are divided to cover corruption, fraud and theft of organizational resources, conflicts of interest, the abuse and manipulation of information, discriminatory treatment and the waste of organizational resources (Kolthoff et al. 2007, 408-409; OECD 2007).

Connected to trust, another issue deals with particular integrity violations, as described in Figure 3 (see also Appendix). Two fundamental types of integrity violations are described here. Bribes, theft and fraud belong to the serious forms of corruption, and the rest of integrity violations are typical of maladministration, bad governance etc. The grouping is basically the same as used by Vartola and af Ursin (1987, 239) in their research report. We also wanted to avoid the strong normative stress. But even if the other integrity violations are not considered to be as grave as the serious forms of corruption (for example bribery), it does not mean that they are acceptable features of administrative and political system.

Different corruptive or integrity violations have taken place in Finnish public administration since 2000. Among public officials³ and individual public servants, cases of unethical behavior have dealt with bribery and fraud, misuse of public office, doubts of discrimination such as sexual harassment, complaints of mismanagement and lack of control. The cases have occurred at universities, local government, third-sector organizations, state government and public sector companies. In most cases, public servants were suspected of integrity violations, but were not sentenced for any crime. However, the discussion in newspapers and other media has been lively around the different corruption cases. As described earlier, Finland has fallen from the top to the sixth position in the newest Transparency International CPI-index.

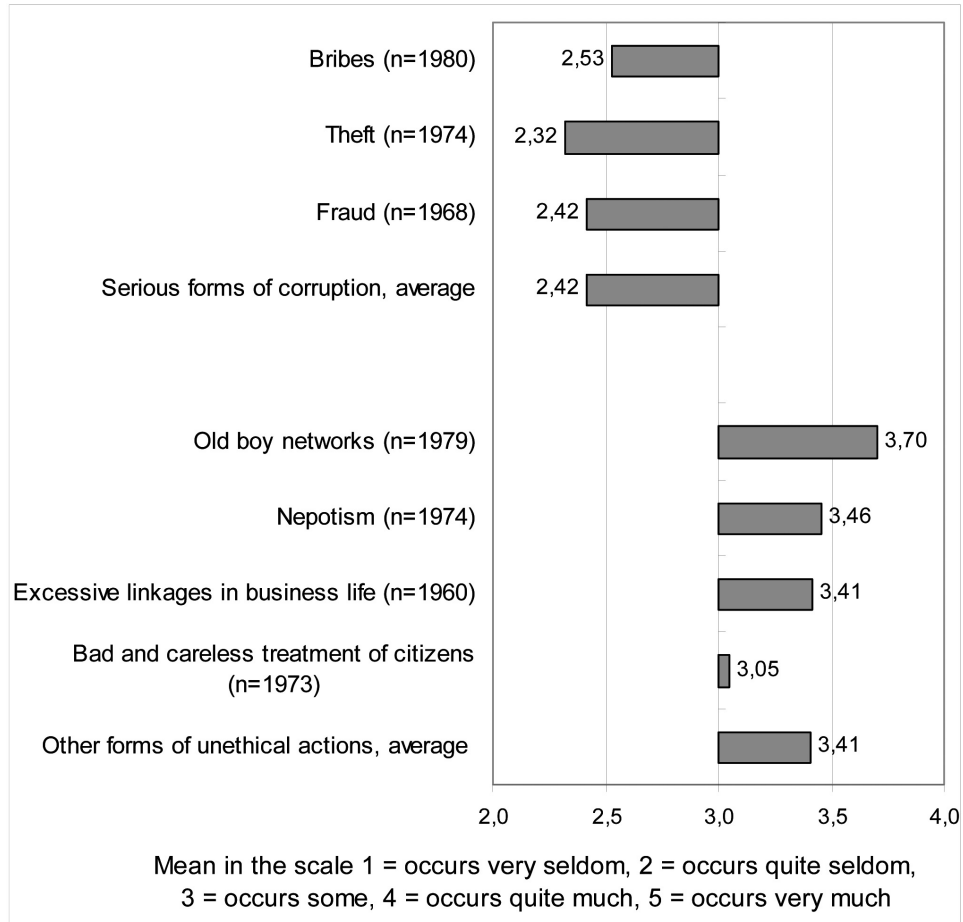
In Figure 3, the main finding is that the judgement of citizens is not very harsh. In the eyes of citizens, the serious forms of corruption are found much more seldom than the other types of integrity violations. Besides, the differences between different types of integrity violations are relatively big.

² Despite the background variable under study, the least drastic opinions (the lowest standard deviations) were found in the universities and polytechnics and elementary and comprehensive schools and the most drastic opinions (highest standard deviations) were almost regularly found in the church and trade unions.

³ As a term, 'public officials' refers here to the whole of the 'politico-administrative system', which includes both national and local 'politicians' and 'public authorities'.

Figure 3.

Integrity violations: the views of citizens.



Bribes

To an ordinary citizen, the term corruption is mainly connected to serious forms of wrongdoing, such as bribery. The OECD report (2007) specifies the main elements of bribery as: 1) offering, paying or promising, 2) financial or some other kind of advantage, 3) direct or indirect, promised or paid to official, family member, organization or company, 4) undue, 5) purpose to offend against a law, and 6) obtaining or retaining business.

In the 2007 ministerial report, Finnish public officials considered bribery to be the most unethical way of action. Making decisions without appropriate preparation and sitting on data/information, unnecessarily delaying issues, scheming in appointments of the office, and the unwillingness to regenerate were mentioned at the top of the list of the most unethical procedures. Bribery is in a league of its own; the other actions mentioned are to be categorized more in administrative corruption. Civil servants express that they relatively regularly or occasionally meet unethical behav-

ior and corruption-related issues in their daily work. Forms of grand corruption, such as bribery, are rare. (Ministry of Finance 2007, 39-40, 56, 78)

How is the state of affairs in the eyes of citizens? We start by asking whether there is a bribery problem in Finnish public administration. According to our survey data, the closer figures of bribes are as follows: 47 % of respondents considered that taking or giving bribes occurs very or rather seldom and 16 % rather or very frequently. The relatively high percentage of bribery occurring occasionally (37 %) is rather alarming. Besides, altogether 16 % estimate that bribery occurs rather or very frequently. When compared with the opposing alternatives, the focus of the responses is still in the alternatives very or rather seldom.

Theft and fraud

How are theft and fraud separate from bribery? Theft, peculation, and fraud involve the taking or conversion of money or other property or items which are valuable. It concerns an individual who has access to them through position or employment, but is not entitled to them. In the cases of embezzlement and theft, the person entrusted takes the property. Fraud consists of the use of false or misleading information to bluff the property's owner to relinquish the property voluntarily. In legal definitions, theft means taking property or cash, but in other definitions, it also covers other immaterial values such as the stealing of information. (Langseth 2007, 11)

The situation seems to be better than in the estimates about bribery. In the survey data, 59 % of the respondents judged that theft occurs very or rather seldom and only 9 % rather or very frequently. In the case of fraud, the figures were 56 % and 12 % respectively. The majority of citizens estimate that theft and peculation occur either very little or quite little. It is a little surprising that bribery was estimated to be more common than theft or fraud. Fraud is estimated to be more common than theft and peculation. Still about one third of the citizens estimate that theft and fraud exist occasionally.

In the above-mentioned unethical cases, such as bribery, theft and fraud, the state of affairs is generally positive in Finnish public administration. But it does differ from one administrative branch to another. According to the annual Science Barometer in Finland, citizens' trust in science and scientific institutions has remained comparatively high from year to year. The general picture is not totally clean anymore. For example, from 2000 to 2007, there have been a couple of cases of heavy integrity violation in the university sector. These cases were widely discussed in the Finnish media. In higher education institutions, the evidence was obtained of receiving bribes, tax fraud and misuse of public office. This has led to trials, and few of the accused were sentenced to prison and/or to paying remarkable financial compensation. Some other individual persons from the higher education sector were also accused; the cases were processed legally, were publicized and got a lot of publicity, but the claims were completely dropped in court. However, the individuals were stigmatized as 'baddies' in the eyes of society.

Old boy networks and nepotism

The other group of unethical actions starts with old boy networks and nepotism. Old boy networks are structures which affect society, indirectly or directly, in decision-making. Nepotism does not relate to the self-interests of an official directly, but to the interests of someone near him or her, such as a family member, a member of the political party, a tribe member, or a member of the same religious group. Favoritism is based on several things, such as race, religion, geographical factors, political affiliation or personal and organizational relationships (clubs, associations). Favoritism has another side, too: the discrimination of certain groups. (Langseth 2007, 13)

The question of old boy networks has been widely discussed in Finland. Our survey confirms the importance of the issue in public debate. According to the results of our survey, 8 % of the respondents estimated that old boy networks exist very or rather seldom and 60 % estimated rather or very frequently. The corresponding percentages from nepotism were 14 and 49 (see Appendix). It seems like citizens feel old boy networks to be the most influential form of corruption in Finland. Comments and stories in the open-ended questions support this conclusion. Ethically it is very serious that 60 % of Finnish citizens think that old boy networks affect the society either rather or very frequently. Correspondingly, the figures of nepotism are also rather critical. Compared with the figures of bribes, the emphasis on responses is opposite: responses are emphasized in the alternatives of rather and very frequently compared with the opposite alternatives.

In Finland the old boy networks seem to be a bigger problem than expected on the grounds of reports of an offence (Korruptiotilannekuva 2008, 2). In the old boy networks, the services are not paid with money. Therefore the interdependence in these networks is different due to strong personal and informal linkages. If old boy networks and nepotism are a real and serious problem, what explains this?

We have a couple of assumptions. Perhaps the Finnish elite are more and more accustomed to cooperating through old boy networks. But one might doubt whether the networks fit in the other administrative structures and practices at the central and local levels. Because of the political favoritism which is widely spread in nominations to public office, citizens' attitudes towards nepotism and old boy networks are extremely negative.

Linkages in business life

Corruption commonly refers to acts that rest with public sector officials. The act can involve a transaction with a private sector actor, but the definition still concentrates on the public sector officials rather than the companies who pay the bribes. (O'Higgins 2006, 236) Public trust in public officials is among the important indicators of good governance. An excessive amount of linkages makes the public sector function more unreliably even if the public officials did not act against public interest when dealing with business life. The existence of these linkages is often a sign to citizens that there must be some dishonest business going on and that the old boy networks are working again.

In the eyes of the citizens, 13 % of respondents estimated that the excessive link-

ages occur rather or very seldom and 44 % estimated occurrence rather or very frequently. This result is not ethically flattering to politicians and public authorities. The recent events in Finland with relation to the financing of election campaigns from external sources are undoubtedly increasing citizens' suspicions concerning linkages in the business life.

Another important issue in the Finnish public discussion has been linkages in business life as a form of financing state and local elections. In Finland, the external financing of elections is regulated by a special law. The purpose of the Act on the disclosure of election financing from 2000 was to increase the transparency of election financing in order to clarify the possible personal interests of the candidates. The Act proved to be open to interpretations and gave room to a sort of secret behavior. Those who financed the leading candidates of the elections tried to support them anonymously and through special corporate arrangements. After that the public mess was ready.

In the law, there are no sanctions for those who do not make a declaration of more than 1,700 euros external financing, but basically, legal actions were not morally approved of by the public. Particularly the spirit of the law was broken by those who accepted the financial support without openness. Later, the names of donors were revealed and the donated sums of money turned out to be rather remarkable. The political parties in Government had received most of the financial support. The 'hidden' interplay between politicians and businessmen resulted in political consequences. The legitimacy of the political system was endangered, and the leading political parties gathered immediately in political negotiations concerning the election financing and the need of refining the rules of the game. Short-term measures of improving the ill-defined clauses in legislation were taken, and the Act was required to be renewed in the future.

Bad and careless treatment of citizens

As the last form of corruption, we will shortly discuss the bad and careless treatment of citizens. In the questionnaire form, the types of unethical treatment were not specified. With the term 'unethical treatment' we mean quite wide-ranging actions, including maladministration and mismanagement. The term maladministration is very wide and includes things such as delaying issues, incorrect actions or failure to take any action, failure to follow the procedures, failure to give information, misleading or inaccurate statements, inadequate consultation, and broken promises. Mismanagement is a form of maladministration. (Caiden 1991, 111)

The corruption-related cases investigated by the Finnish Ombudsman usually deal with delayed issues, insulting the principle of equality, negligence, improper justifications of decisions, lack of publicity, lack of hearing of the parties involved, discrimination, undelivered public notices, insufficient advice, and partiality. The investigations are based on the citizens' announcements. The names of complainants are not usually published, which increases the probability of denunciation. The amount of complaints has increased since 2003. The issues are categorized as maladministration or the like. (Salminen et al. 2007; Annual Reports of Ombudsman Office 2000-2006)

Statistically, citizens' estimations of public officials' bad and careless treatment of citizens are the following: Most of the citizens surveyed (48 %) feel that unethical

treatment occurs occasionally or once in a while. One-fourth of the respondents shared the opinion that unethical treatment takes place either rather or very frequently (26 %) or very or rather seldom (25 %). Numerous comments were expressed by citizens through the open-ended question of the questionnaire. However, comparing the estimates to the amount of complaints and the expressions in the open-ended questions, the estimates seem to be rather positive.

Concerning the unethical behavior of politicians, a few themes rose above the others. Citizens criticize that politicians tend to search for private gain instead of emphasizing the public interest. Sometimes they are greedy. The politicians are guilty of forgetting the concerns of citizens and prefer to concentrate on their own affairs and the party politics. Citizens also ask whether the politicians finally tell the truth. The promises made before elections are forgotten during the electoral period. If the private life of politicians is considered immoral, it is strongly condemned by citizens.

Background variables in focus

If a closer look is taken at the background variables of the respondents (gender, working history, and level of education), three more conclusions are evident. We calculated the percentage shares of statements for each group. We are reporting only differences we find remarkable or surprising.

First, in general, women estimate the asked corruptive behaviours to be more common than men. Only linkages in business life and unethical treatment of citizens received more critical assessments by men than women. But as far as old boy networks are concerned, gender assessment makes no exception, even if women have so far remained the ‘outsiders’ of such networks, they do not express their mistrust higher than men. If both trust and unethical actions are considered, differences exist between the female and male views. Women trust more in public institutions and organizations but compared to men, they estimate corruptive behavior to be more common in society. This finding is opposite to what we expected.

Secondly, between the education levels of respondents, there are dramatic differences in the estimations of bribery, theft and fraud. The less educated were twice as negative as the more educated. The findings are in opposition to the question of old boy networks. Respondents with more education estimated the question more negatively than those with less education. In the question of linkages, the attitudes were nearly similar.

Thirdly, if the working history of the respondents is considered, a statistical difference exists. Those who have worked in both sectors estimate that all forms of unethical actions exist more frequently than those who worked in the public or private sector only.

4. Conclusions

Summarizing the previous discussion, it is obvious that in the Finnish case public administration works rationally enough in the ethical sense. But, how to solve the relationship between trust and unethical behaviour? Some answers are available.

Our analysis of Finnish public administration was limited to these two research questions: 1) how trustworthy Finnish citizens estimate the public organizations, social institutions and public and private corporations to be; and 2) how frequently the different forms of corruptive actions take place in the citizens' estimation.

While citizens express their opinions, attitudes and expectations of trust and unethical actions, one may ask, how much it really matters. What might be the consequences of citizens' views of the public trust and integrity of the Government? Do these figures give any evidence to develop 'citizen-focused' ethical governance?

We are convinced that the findings of such large-scale citizen surveys as ours should be taken into consideration by the Finnish political elite and the leading reform drivers in the Finnish government. Plenty of evidence is at hand, but before that, more specific statistical analysis is required of the attitudes of citizens towards government and the interdependence of trust, accountability and openness. The respondents of the survey had a strong motivation to answer and had particular interest to influence political and administrative decision making. The citizens might often be heard but not listened to by those in power.

Ethical governance is based on trust. Among citizens, trust is a sort of general confidence in politicians and public authorities. Trust means both increasing trustworthiness and decreasing distrust. Trustworthiness was rather high among the institutions and organizations we describe in Figure 1. If organizations and institutions are no longer reliable, general trust is gradually decreasing. Ethical governance is based on model examples given by politicians and public authorities. If unethical cases in a society increase, citizens' confidence towards public officials staggers.

The Finnish public organizations and institutions so far enjoy the confidence of ordinary citizens. According to our analysis, trustworthiness seems to be relatively high. Estimations of integrity violations were rather moderate. The overall situation is still very good, but the basically positive judgment of citizens varies from one form of integrity violations to another. Is trust threatened by unethical behaviour?

The citizens estimate that old boy networks, nepotism and excessive linkages in business life as corruption forms exist quite frequently. According to the citizens' considerations, the serious forms of corruption play a relatively minor role in the public realm (see Figure 3). At least temporarily, the political scandals explain the decreasing figures in trust in politicians and public servants. In spite of citizens' attitudes and predispositions towards government and services, without necessarily any real personal experience, the respondents strongly appeal to reform, e.g. ethically dysfunctional old boy networks and nepotism.

If public officials' excessive linkages in business life are becoming more usual in the society, we expect that it will sooner or later interact with trust: first at the level of politicians and then at the level of public sector organizations and institutions. Openness and transparency as ethical values are threatened. Where is the dividing line that makes linkages too excessive? Should it be defined through a fixed sum of money or through the amount of citizens' trust in the politico-administrative system?

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Appendix

The two selected questions of the citizen survey.

Research Project: Citizens First? Ethical Governance in Terms of Citizens 2008-2010.

Q 7. How do you consider the trustworthiness of the following Finnish institutions and organizations?	not at all trustworthy (%)	not very trustworthy (%)	somewhat trustworthy (%)	quite trustworthy (%)	very trustworthy (%)	Total (%)
1. Courts (n=1980)	3.3	7.9	19.0	55.8	14.0	100
2. Hospitals and health centres (n=1991)	1.6	6.4	22.8	58.5	10.7	100
3. Public authorities of social services (n=1968)	3.8	14.8	36.6	40.6	4.2	100
4. Labour force bureaus/Job centres (n=1959)	4.4	13.1	35.2	42.1	5.2	100
5. KELA, Social Insurance Institution (n=1987)	4.1	12.4	26.9	47.2	9.4	100
6. Church (n=1962)	5.6	7.8	24.3	46.2	16.1	100
7. YLE, National broadcasting company (n=1972)	4.8	10.8	29.7	45.0	9.7	100
8. Military (n=1976)	1.6	3.9	19.1	50.2	25.2	100
9. Police (n=1992)	1.7	3.7	13.4	52.7	28.6	100
10. Elementary and comprehensive schools (n=1983)	0.5	2.2	17.7	61.8	17.9	100
11. Universities and polytechnics (n=1969)	0.5	1.8	15.9	63.6	18.3	100
12. Itella, Finnish post company (n=1988)	4.2	12.8	28.0	45.7	9.4	100
13. VR, Finnish national railways (n=1979)	2.4	13.8	36.0	42.0	5.8	100
14. Sonera, Telecommunication company (n=1965)	10.8	28.1	38.0	21.0	2.1	100
15. Fortum, Energy company (n=1942)	14.1	26.1	35.3	21.7	2.8	100
16. Veikkaus, Finnish lottery monopoly (n=1955)	2.6	6.8	26.1	47.0	17.5	100
17. Finnair, National airways (n=1971)	2.9	12.9	33.3	43.2	7.7	100
18. Trade unions (n=1975)	6.0	17.2	35.0	35.4	6.4	100
19. Central organizations of employers (n=1972)	7.0	19.3	41.5	28.5	3.7	100

Trust and Integrity Violations in Finnish Public Administration: The Views of Citizens

Q 12. Please estimate the ethical level of the political system.	occurs very seldom (%)	occurs quite seldom (%)	occurs some (%)	occurs quite much (%)	occurs very much (%)	Total (%)
1. Taking or giving bribes (n=1980)	18.0	29.3	37.2	12.5	2.9	100
2. Theft (n=1974)	18.8	40.3	31.8	8.0	1.1	100
3. Fraud (n=1968)	16.8	38.6	32.7	9.9	1.9	100
4. Old boy networks (n=1979)	1.4	6.8	31.8	40.2	19.8	100
5. Nepotism (n=1974)	2.1	11.8	37.3	35.7	13.1	100
6. Bad and careless treatment of citizens (n=1973)	3.1	22.4	47.8	20.4	6.4	100
7. Excessive linkages in business life (n=1960)	2.2	11.3	41.8	32.3	12.3	100

Public Sector Reform in Central and Eastern Europe

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In an OECD report entitled *Government of the Future* (2000), the question "Why public management reform?" is answered in three ways. First, governments need to keep up with society in terms of responsiveness and better, faster and more services. Second, trust in government needs to be re-established. A third reason is that government's role is changing under new pressures including the loss of the government monopoly, greater competition, the opening-up of societies and international structures. However, for the countries of Central and Eastern Europe (CEE), the starting positions, the challenges, the capacity to change, and the initial objectives were quite different from most of the Western European countries, except for, e.g., Portugal or Spain. (OECD 2005).

In a first part, this essay will cover spans of public-sector reform which may be narrow or broad. In a second part, trajectories of reform, which are not linear but progressing in a corrective way, will be discussed. In a third and final part, remaining issues of reform practice and study are discussed.

1. Spans of public sector reform

In Western Europe, there was a relatively common problem analysis. Two main problems coincided: First, there was a macro-economic problem of too big a proportion of government in the gross domestic product (GDP), of significant deficits, and of a perceived lack of public-sector performance contributing to the GDP. Second, there was a drop of trust and legitimacy in public institutions, including politicians.

The macro-economic shifts (from 'problem' to 'solution') could be operationalised as follows from the 'economic' point of view:

- The proportion of the public sector in the GDP decreases; there are countries with stable patterns of decrease, others have more fluctuating decreases.
- Government net lending is an indicator of the yearly deficit. Of course, the European Union's Maastricht criterion of a maximum of 3% deficit had a significant impact on reform policies within the European Union. In general, there was a downward trend. In some countries, this deficit turned into a surplus; the recent (financial) crises are reversing this pattern again.

Public Sector Reform in Central and Eastern Europe

- Government employment as a proportion of total employment should in general be decreasing. However, some countries have stable or even increasing numbers of government employment.
- The division of the budget shows in general that direct consumption by governments is decreasing. This may prove that direct service delivery by the public sector is decreasing as well. It also shows that transfers are increasing. These should guarantee outsourcing or privatising of service delivery as well.

From a societal point of view, there was a general feeling of decreasing satisfaction with government performance, and a related level of trust which was generally decreasing. To solve these problems in countries like the United Kingdom (Thatcher) and the United States (Reagan), politicians initially started to blame the civil service and distanced themselves from the public sector. The public sector was the cause of all problems, and in reducing it, the two problems would be solved. This strategy of bureau-bashing could not last for a very long time, because trust in civil servants is higher than in politicians. The politicians' pushing for lower trust in civil servants resulted in lower trust levels for the politicians themselves. This negative project was not sustainable in the long run. Therefore, other strategies had to be developed.

In analysing these strategies, three main objectives occur:

- the need to adjust the proportion of government in the GDP and the related need to reduce the deficits (savings) or to re-allocate resources;
- the need to solve the problem of a low level of performance (real and/or perceived as such); and
- the need to redefine responsibilities between actors (legislative versus executive; public sector versus market; politics versus administration; ministers versus ministries versus autonomous bodies; central level versus decentralised levels of government); this triggers the need to redefine mechanisms of accountability.

In solving these needs, 'performance' became a common conceptual denominator. The exercise of moving activities to the market place and of reducing budgets implies a certain mapping of inputs, activities, outputs and outcomes, their links, now and in the future. Taking measures to improve real and/or perceived levels of performance requires the implementation and use of instruments that describe and push towards performance. Adjusting systems of responsibility-sharing and mechanisms of accountability implies that performance will be used as a key operational term to guarantee substantial, valid and auditable performance agreements. And in observing trends which occur in realising a modernised public sector, performance (measurement and management) appears to be a pivotal element.

In general, there are three hypothetical basic mechanisms which could be presumed in the dynamics of increasing performance:

- First, increasing pressure improves performance (pressure assumption);
- second, increasing specialisation improves performance (re-structuring

assumption); and

- third, increasing citizen involvement improves performance (citizen-as-customer assumption). (Bouckaert and Halligan 2008)

The general idea that government and public sector are not changing by themselves is reflected in the idea that pressure for performance should be organised to guarantee change and improvement. As a result, internal and external pressure is institutionalised in the public sector. Increasing internal pressure implies that the whole range of internal management instruments is activated. Strategic plans and business plans, personnel evaluations, organisational relationships and financial mechanisms are adjusted to enhance pressure. Also, external pressure, through market-type mechanisms, is present.

Next to pressure, the idea of specialisation for performance is involved to enhance improvement. Creating autonomous organisations with smaller fields of competencies, up to single-purpose or task-homogeneous bodies, is in accordance with the managerial philosophy which states that specialisation pushes results. This is also applied to the policy cycle where policy design seems to happen in a better way in e.g. ministries, the implementation in another independent entity (market or public sector) and the evaluation in still another one. Of course, the whole problem of co-ordination and the choice of an optimal level of specialisation are crucial. Most countries wrestle with the agenda of adequate mechanisms of co-ordination.

A third crucial issue is the 'customer' role of citizens, including their active involvement in co-designing, co-deciding, co-implementing and co-evaluating public services. Participation for performance becomes a key element in reform policies to increase satisfaction and ultimately trust and legitimacy of public services.

In the CEE countries, the problem analysis was also similar to a large degree. However, the starting positions were quite different, and the objectives were heavily influenced by the perspective of possibly becoming a member of the EU. Building democracies, organizing transitions, and preparing pre-accession were shared objectives.

In some cases, systems change drastically. Political systems change, e.g. from dictatorships to democracies, and their elites are removed. Democratic checks and balances are established. State structures are reshuffled, e.g. toward more decentralisation. The economic system changes its nature, e.g. from state monopolies to market systems with private firms. Societal and social systems with NGOs, not-for-profit organizations, and citizen action groups are established and are designed to participate actively in a public debate and to become stakeholders of their society and their communities. (Peters 1996) Within the public sphere, the decision-making processes are redesigned to select political and administrative personnel, to create a legal framework with authority and legitimacy, to have a new budget cycle, to get sustainable policies which support the system and to establish a public sector infrastructure which is efficient, effective, reliable, transparent, and legitimate.

Within the CEE countries, it seems that changes have been drastic indeed, including in public systems. Politics, policies and administrations were to change accordingly. In focusing on the administration and the management of public systems, five scopes of reform are possible, from a very narrow and limited, to a very stretched and

broad span of reform. (Pollitt and Bouckaert 2004) These five positions could be linked to definitions of public sector reform. Choosing one of these five positions is not just an academic choice with theoretical implications. Choosing one of these models has tremendous practical implications for the content of a reform programme, for the choice of the reform projects, for the sequence and timing of the reform portfolio. It also requires different tactical choices to be made. One of the issues is how many degrees of freedom there are to reform the public sector.

1. A first model has a span of reform which is limited to single organisations within the public sector. In this sense, "Public management is a merger of the normative orientation of traditional public administration and the instrumental orientation of general management." (Perry and Kraemer 1983, x) In practice, this means that private-sector management techniques are imported into the public sector. Private-sector-based methods and techniques of command and control, internal control systems, personnel and financial management tools, etc. are transferred to the public sector. The focus here is on single organisations. The assumption is that if these entities function properly, the public sector is much better off. Obviously, this requires a solid support system, since this should be applied to all organisations in the public sector, from local to central.
2. A second model has a broader span of reform which looks beyond single organisations to clusters of public sector organisations. "The critical area of public management is the management of organizational interdependence, for example, in the delivery of services or in the management of the budgetary process. Public management is concerned with the effective functioning of whole systems of organizations. ... What distinguishes public management is the explicit acknowledgement of the responsibility for dealing with structural problems at the level of the system as a whole." (Metcalf and Richards 1987, 73-75) This is about reforming networks or chains of organisations. Here we reform organisations and their interfaces, interdependencies, interactions and coherent clustering. Value added is defined at the level of sets of organisations, not just at the single level. Here we can ask the question of where particular organisations should be, at a central or rather a decentral level. The location of an organisation in a set becomes important. There is the question of relationships, e.g. hierarchies of organisations, in order to have good service delivery and policy implementation. This requires a vision on the architecture and the mapping of the public sector.
3. A third model goes beyond this architecture. "We conceive public administration as the key output linkage of the state towards civil society. However, the interface between public administration and civil society is a two-way street, including public policy implementation as well as policy demands from private actors towards policy-makers." (Pierre 1995, ix) This span of reform includes the interface of the public sector and civil society. This interface needs to be reformed too, which in some cases requires civil society to be (re)built. This requires the recognition of civil society as a partner in reform. Therefore platforms for exchange, transparent discussions and contradictory debates are necessary to reform the public sector in a sustainable,

legitimate, and transparent way. Stakeholders become part of the reform process. Outsourcing, co-production, and public-private partnerships (PPPs) become key tools in the whole production of services. Policy cycles consist of co-design, co-decision, co-implementation and co-evaluation. (Pollitt, Bouckaert and Löffler 2006)

4. A fourth model goes beyond the infrastructural level and includes the supra-structure of reform. “We talk about the *managerial* state because we want to locate managerialism as a cultural formation and a distinctive set of ideologies and practices which forms one of the underpinnings of an emergent political settlement.” (Clarke and Newman 1997, ix) This reform scope includes the realm of ideas and ideologies, culture and values. Reforming the public sector includes not just its infrastructure (organisations and their interactions within the public sector and its civil society) but also its suprastructure. Although this does not mean that identities of communities or nations need to change, it does mean that practices are based on belief systems with norms and values, cultures and ideas. (Bouckaert 2007) Removing a tradition of corruption, supporting a culture of public entrepreneurship with responsibility and accountability, pushing the value of citizen trust and customer satisfaction are part of this fourth span of reform. A crucial debate here is the old discussion of whether infrastructure determines its suprastructure or, the other way round, ideas change practice. This is a crucial element in a sustainable reform programme. It requires projects on civic education, transparency and communication, customer, citizen and civil servant surveys on perceptions, expectations, beliefs and convictions, satisfaction and trust.
5. The fifth model goes beyond the fourth one and includes all elements of the system. “Public administration may be interpreted as a social system existing and functioning in accordance with its own order but, on the other hand, it also depends on environmental conditions in a complex and changing society. ... In the light of the modern society’s functional differentiation, state and market are notable for their own characteristic strategies to control the supply of goods. The type, scope, and distribution of private goods are decided on by harmonising the individual preferences within the market mechanisms; decisions on the production of public goods, on the other hand, result from a collective, i.e. politico-administrative, development of objectives.” (König 1996, 4, 59) This requires a reform strategy which includes the major steering mechanisms in society, depending on the state structure itself. Market mechanisms are obvious within the private sector. Budget mechanisms are clear within the public sector. In a mixed economy, you also may have consensual allocation of resources amongst not-for-profit organisations. Public sector reform affects the proportions and regulates the allocation mechanisms of public, private and not-for-profit. It also affects the allocation mechanisms within the public sector using hierarchies (budgetary top-down distribution with e.g. envelopes), markets (market type mechanisms such as vouchers or competitive tendering) or networks (consensual distribution).

Just as in many other countries, CEE countries have chosen mixed strategies of public-sector reform, and these choices have changed over time. However, it seems

that the span of reform has been rather broader than narrow. It also seems that tactics could have been more visible than strategy because of electoral cycles.

This brings us to the question of the trajectories to move ahead. Are reforms linear or dialectic or cyclical? Are they continuous or discontinued? Are reforms cumulative or not? Have models been made explicit or not?

2. Trajectories of reform

It is clear that these adjustments in the public sector have been based on an action-reaction pattern where the solution of a problem turns into a problem itself which needs to be solved, as in figure 1. A solution becomes dysfunctional because it is not really, or really not, answering the question, or because the solution is becoming so extreme that it has lost its answering capability, or because the implementation was so deteriorated and deteriorating. Sometimes the 'cure' was worse than the disease. Many OECD countries, even the most rational and 'pure' NPM countries, such as e.g. New Zealand, had a series of reforms which could be framed into a sequence of a (problem)-(solution)=(problem)-(solution) etc. chain. (Boston et al. 1996; Chapman and Duncan 2007; Commonwealth Secretariat 2003; Norman 2003; Scott 2001; Schick 1996) This zig-zag action-reaction chain was not designed beforehand but became a pattern of change in many countries. In some cases, there was an ideological exaggeration of a solution which then was ideologically corrected in the next government.

This trajectory is described in figure 1. An initial situation is perceived as a problem. Since the 1980s, reactions of countries have been to maintain, modernise, marketise or minimise their public sectors. (Pollitt and Bouckaert 2004) This resulted in a range of acceptable 'solutions' for the perceived problems. However, as described above, these solutions became too extreme, or unacceptable because of some dysfunctions. Dysfunctional pressure and specialisation caused loss of control. In general the set of solutions that has been developed to solve the second generation of problems can be based on mechanisms (and their related instruments) of hierarchy, markets and networks. Specifically, Market-Type Mechanisms (MTM) and Network-Type Mechanisms (NTM) were supposed to be useful because of their higher level of compatibility with organisational autonomy. (Christensen and Laegreid 2006; Halligan 2006)

Problems were perceived of guaranteeing performance, taking and allocating responsibility, substantiating accountability, keeping or even enhancing transparency, making functional control and keeping a sufficient policy capacity. As a 'solution', agencies were created, autonomy was granted, specialisation was increased, single-policy capacity was developed, and performance measurement systems (PMS) were installed for guiding, control and evaluation. This would solve the initial problem.

However, these reforms resulted in dysfunctional levels of autonomy. Autonomy became an objective in itself, and central government lost control over centrifugal families of organisations. Because of the contracting mechanisms with these agencies, there was a focus on measurable outputs which also influenced a bonus system. This resulted in a suboptimal focus on agency outputs rather than on policy out-

comes. It was unclear if and how certain outputs were contributing to certain outcomes. Ultimately, outputs became an objective in themselves. There also were considerable transaction costs between the components of the policy cycle and between agencies. Autonomy resulted in disconnecting the normal chain of design, implementation and evaluation. Even worse, the nature of the connection was altered from a hierarchical link to a market type mechanism. Policy advice and design was supplied to departments or agencies. There was a quasi-market interface between supply and demand of policy advice or any other interaction between entities in the public sector. In separating supply and demand, there was a disconnected policy capacity which was too specialised and which lacked critical mass. The linkage between stages of the policy cycle, but also within the implementation stages were disrupted for the sake of autonomy and responsibility. A logical policy chain became a sequence of supplies and demands. Dysfunctions as a consequence of performance-based control systems started to result in 'gaming'. The guiding principle was not the reality of administrative or societal value added but its derivative of better numbers on particular indicators.

This problem triggered new 'solutions' which were based on re-establishing the co-ordination between departments and agencies, or between different agencies, by using renewed Hierarchy-type-mechanisms (HTM) as well as new Market-type-mechanisms (MTM) and Network-type-mechanisms (NTM). Also efforts to look beyond single organisations and to take a policy field perspective (in focusing on outcome drivers for outputs, cross organisational boarder 'landscape reviews' or joined-up government or straight forward evaluations) were put in place, increasing policy capacity at a higher (meso) level. Audits became the (re)new(ed) solution. Internal audits became a separate part of the internal control system. External audits were expanded and further developed, auditing all aspects of 'performance', including the quality of indicators and data. A key question was whether these 'solutions' would generate new problems.

They did. It seems that HTM was not always very functional, especially in cases of pure recentralisation. Also MTM sometimes resulted in shifting from a public to a private monopoly, without competition, or market regulation and modernisation. NTM, in many cases, became a soft and symbolic mechanism. Obviously, there are good examples of renewed versions of hierarchies (holding structures, consolidated budgets, etc.) or regulated markets (telecom, postal services, electricity) or networks which did function ('open methods of co-ordination' in the EU). However, it also seemed that when a problem occurred, the solution was to have more of the same. A perceived problem of indicators, objectives or audits resulted in more indicators, more objectives and more audits. One could sometimes consider a mushrooming of indicators and objectives, and an audit tsunami. Especially internal audits have exploded. Above all, performance as a principle to organise a control system replaces trust, internal trust, as a basic principle. Distrust within the public sector became the standard: between the central and the local governments, between the ministries and the agencies, between the line departments and the horizontal departments, between politics and administration. The assumption that agents and professionals within the public sector are in line with general interest became an obsolete principle and needed to be replaced with a major principle of economic neo-institutionalists,

i.e. principals should not trust agents. Therefore, if trust was good, it was not good enough anymore. Distrust, control and audits should replace it.

This extreme solution, turning into a problem, needed a new solution. In some countries, there was a tendency to consider the ‘less is more’ principle. In the Netherlands, indicators need to be ‘useful’ and the ‘provide or explain’ principle says that one should provide indicators unless one can explain why these are not provided. Rebuilding trust within the public sector, not just citizens trusting their government and administration, becomes a ‘solution’. Also, the focus on performance needs to take a governance approach into account, beyond the public sector in its strict sense, resulting in performance governance as a model. (6 et al. 2002) Obviously, this again may result in new problems, and an ex-ante evaluation of these new solutions is required.

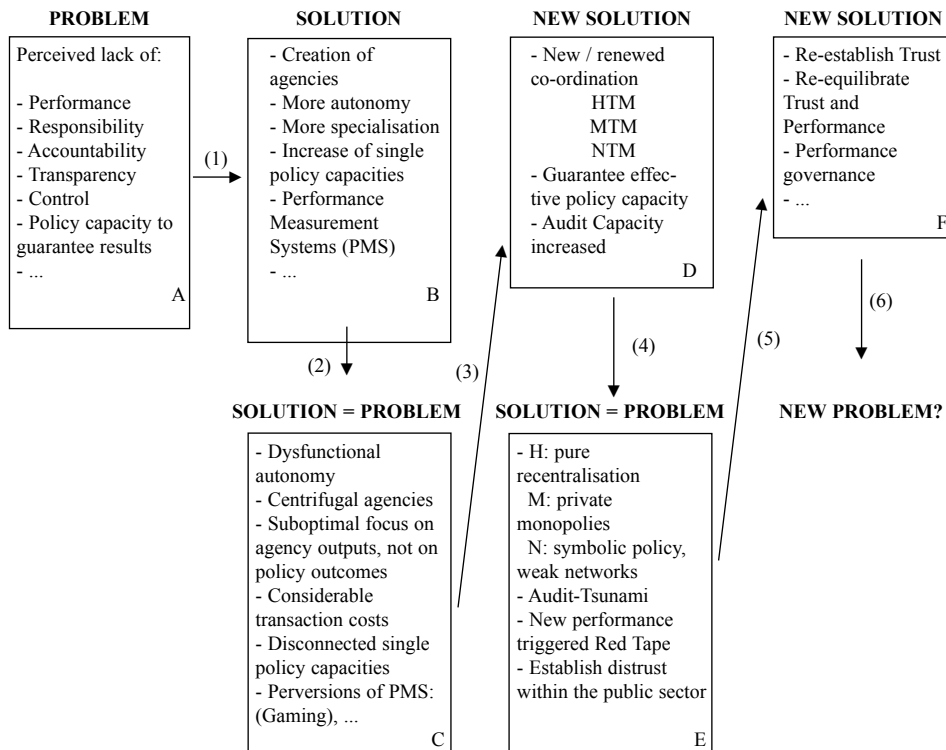


Figure 1: Refined Problem-Solution Chain regarding public sector reform

These zig-zag action-reaction trajectories are an empirical description which seems to apply to many OECD countries, even if some have followed this sequence in a more explicit way than others. To the extent that some countries have followed, or even imitated, ‘advanced’ solutions, which were advanced because they provided solutions to a previous problem and therefore were further ahead in the sequence, they probably did not provide the right ‘solutions’ to their own (sequence of) ‘problems’. A famous case is Mongolia, which imported the New Zealand financial model, which was financed by an Asian Development Bank loan. It makes certain observers proclaim that we need not imitate New Zealand, especially not developing countries (Schick 1998).

Many of the shared problem definitions were also generated by sclerotic traditional and Weberian bureaucracies. For many continental European countries, the state of law (*Rechtsstaat, Etat de Droit*) and its related Weberian bureaucracies were the starting position. Indeed, there was a need to have a more developed incentive for performance responsibility and accountability, for citizens as a customer orientation, for open and transparent decision-making, perhaps even for participation. Upgrading a European Weberian model with elements of performance and participation could result in a Neo-Weberian model. (Pollitt and Bouckaert 2004; Pollitt et al. 2009) Anglo-Saxon countries have followed a trajectory of upgrading public management models by applying principles of New Public Management.

CEE countries inherited bureaucracies which were dominated by a single party. Even more important than defining the ultimate model which is necessary for a particular country, it is important to try to define, or to anticipate the zig-zag trajectory of action and reaction to reach the desired model. Obviously, especially for countries that wanted to, and ultimately did, join the EU, there was a clear ‘to do’ list and a series of ‘acquis’ to realise. There was economic and political pressure to prove progress, to speed up change, perhaps to take short cuts or to jump to ‘final’ positions. Reforming the public sector sometimes was indispensable and impossible at the same time, and therefore highly problematic. Importing NPM techniques that needed to improve Weberian bureaucracies when these were not present and simultaneously building classical checks and balances was a tough reality. Reforming in such a case sometimes was organising dysfunctions. This leads us to the last section.

3. Further issues to explore

Applying a standard model of analysis to a range of countries makes sense. The ultimate purpose is to compare. The purpose of comparing is to detect patterns or clusters, and to learn from these patterns or clusters of countries. However, differences remain crucial.

Many questions remain for the practice of change, but also for empirical research. Most of this research happened *ex post* and followed a classical pattern of describing, modelling and, in some cases, explaining reform. In some cases it was possible to even predict the consequences of certain reform initiatives because the solutions did not match the problems, or because the contingencies or conditions for an effective solution were not present, or the culture of competition was not part of the culture of the country.

It is clear that public sector reform is a never-ending story. Therefore initial questions remain relevant, such as, e.g., Are short cuts possible? How do we make irreversible reform? How well, and under what conditions do models travel? How generic and how contingent are models? What can we learn from others? Is it useful to replicate research models in a different context? Should we start with finance, personnel or organisational reforms within organisations? etc.

It is important for CEE countries to continue to compare and to learn from one another. It is necessary to develop trajectories and to detect problems, possible solutions for these problems and possible new problems because of these solutions.

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