

A CRITICAL ASSESSMENT OF CENTRAL AGENCY MOTIVES IN DANISH PUBLIC MANAGEMENT REFORM

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Introduction

This article explores the question why a relatively „healthy“ governance system like Denmark embarks on and continually develops NPM inspired public sector reforms. Expanding Roberts' categorization of problems as „simple“, „complex“ and „wicked“, the article interprets Hood's paradox of the „malade imaginaire“ as „solution driven problems“ in strong economies.

It is argued that accountability problems pervade western democracies, but that accountability itself remains a contested concept. NPM provides a battery of fiscal accountability solutions that frame the understanding of the nature of late modern governance problems and enhance the position of actors who are able to develop, institutionalize and legitimize fiscal accountability mechanisms as the most overarching and fundamental in a democratic governance system. The past 20 years of Danish public sector reform illustrate how the Danish Ministry of Finance has succeeded with normatively constructing and institutionally underpinning fiscal accountability as a prime source of democratic accountability and by the same token enhance its position in the continual governance game in the Danish polity.

Public Sector Reform in Denmark – Whose Project?

In his keynote speech at the International Public Management Network conference in Sydney (Hood, 2000), Hood addressed three apparent paradoxes in the way NPM inspired reforms have or have not proliferated in the western world. One of those paradoxes was termed the „malade imaginaire“ paradox: it seemed to be the „healthiest“ patients (countries) who had visited the NPM hospital most eagerly and taken the doctors prescriptions most seriously. This apparent paradox was, along with two others, explained by type of „public service bargain“ (PBS) between politicians and senior public servants. When politicians anticipated a better bargain (lower agency or uncertainty costs - or alternatively an increase in the senior bureaucrats' commitment to politicians' policy programs) they would *ceteris paribus* opt for reform strategies even in administratively „healthy“ systems. In the introduction to the lecture Hood made the point that:

In a fuller analysis the preferences of public servants over bureaucratic structures and control systems would need to be given equal attention since attempts at bureau shaping or resistance to more rigorous control frameworks seem to be common in the politics of public-service managerialism. (Hood, 2000: 15; see also Dunleavy, 1991)

This point is well taken for the case of Danish public sector reform. In Denmark, administrative politics is hardly seen as high politics. In fact – as Christensen (1994)

points out – it is hard to sustain political interest in the matter over any longer period of time. Also, the assumption of macho politicians able and keen to steer the public sector should be treated as a hypothesis rather than a fact. It is therefore worthwhile exploring some alternative reasons as to why Denmark, which belongs to the countries that were „relatively honest and effective“ in the first place has been „first in line“ (Hood, 2000: 19) with and continues to develop administrative reforms inspired by prescriptions from the NPM drawer. First, it is useful to clarify what is meant by NPM in this context.

What is meant by NPM?

It has been widely recognized that NPM is an umbrella label or indeed a 'shopping basket' (Pollitt, 1995) containing a variety of public sector reform elements so diverse that academics have been tempted to conclude that if NPM is everything - maybe it is nothing, and as a minimum the expression of NPM is so dependent of national governmental traditions and administrative cultures that it is pointless to talk about a general global phenomenon (Rhodes, 1999). However, varied as it may be, a „reform agenda“ discursively underpinned by the OECD has floated around and lent inspiration and conceptualization to national reform movements in the western world (Naschold, 1995). The NPM agenda is summarized by Pollitt (1995: 134) as: Cost cutting, disaggregation, decentralization, purchaser-provider splits, introduction of markets or quasi markets, performance measurement, performance related pay and increased service quality. Although Denmark can never be accused of being excessive, the Danish reform „basket“ contains elements of - at least – attempts to:

1. *Decrease public involvement (corporatization of public enterprises, sale of state assets and contracting out) and spending (continual attempts to modernize budget systems)*
2. *Restructure the public sector more principal-agent oriented manners (budget frame steering, agency contracts, individual contracts and enterprise accounts)*
3. *Introduce performance measurement at both individual and institutional levels to reassure effective use of public funds, e.g., bench marking, enterprise accounts, knowledge accounts, performance related pay systems. (For a comprehensive account of public sector reform trends, see Greve and Jensen, 1999; Jones and Thompson, 1999).*

In this article, what is referred to as "NPM-inspired reforms" will cover items 2 and 3 in the list above - reform initiatives that aim at enhanced economic steering capacity and enhanced efficiency. The current situation in Denmark is summarized broadly by the permanent secretary of the Ministry of Finance:

In the eighties we established capable economic steering mechanisms. The nineties became the decade where 'target- and performance' -steering was put on track. The task for the coming decade is to get still more employees in still larger parts of the public sector to make sense of target- and performance steering. (Eldrup, 1999: 32)

It is hence safe to conclude that although Denmark has been nowhere near as radical as for example New Zealand, Britain or Victoria a battery of NPM inspired concepts have been employed and continue to be developed and articulated.

Problems seeking Solutions – Solutions looking for Problems?

Hood (2000) points out that the Scandinavian countries were amongst „the first in line“ when it comes to NPM inspired reform, in spite of the fact that they are all relatively efficient and honest. In the terminology Denmark can therefore be seen as a case of „malade imaginaire“. Why is this so? What problems do those reform solutions address?

Roberts, in her presentation at the Sydney conference (see Roberts in this volume) distinguished between three types of „problems“ depending on whether the problem definition and the solution were contested. Defined problems with defined solutions were termed „simple problems“; defined problems with contested solutions were termed „complex problems“ and, finally, the delicate situation where both problem definition and solution were contested was termed „wicked problems“. Following the political scientist predilection for two-by-two tables, we miss a fourth category, namely the situation with a defined solution, but where the problem definition is not obvious or recognized: „Consider, for example solution-driven problem solving. Although there seems to be ample evidence that when performance fail to meet aspirations, institutions search for new solutions, changes often seem to be driven less by problems than by solutions.“ (March and Olsen, 1989:62) In this vein we can term the fourth category of problems „solution driven“ to capture the situation where stake holders in given solutions look for opportunities to define problems to attach them to. The types of problems are shown in table 1.

Table 1: Types of Problems

The problem/solution mix	Defined Problem	Contested Problem
Defined Solution	1. Simple	4. Solution-driven
Contested Solution	2. Complex	3. Wicked

Sources: Roberts (2000), March and Olsen (1989)

This observation introduces another possible interpretation of the 'malade imaginaire' paradox. Public sector reforms are political interventions that create winners and losers, enhance the power of some players and weaken the power of others. It is therefore a continual battlefield in its own right. It should be considered that certain elements of the NPM inspired reform agenda (solutions) may have strong national stake holders, not *only* (albeit also) because they may improve public sector performance, legitimacy and accountability. But *also* because their employment enhances their power position in the total system in the same go.

Consequently, political-administrative systems are not only „susceptible“ (as Hood expressed it) to reform „pressures „ from the international advocacy coalition of the OECD. Systems may as well be „inhabited“ by actors who see a point in actively adopting certain reform solutions for a variety of reasons, one of which can be that those solutions contribute to defining the public sector problem we face in a way that favors their interests. I argue that this is among the things that the Danish Ministry of Finance has successfully managed to do. We will now turn to the issue of defining „the public sector problem“.

Defining „the public sector problem“

„By the mid 1980s, it became clear that there was a remarkable degree of consensus among the political leadership of various countries about what was wrong about the civil service.“ (Peters and Savoie, 1994:419) The macho version of this consensus fell into Roberts' category of „simple“, concerning both the boundaries and the structure of the public sector. The problems were viewed as:

1. *The public sector is too encompassing, and*
2. *It builds on an input logic, which defeats rather than exploits the „natural“ incentive structures within human beings.*

Similarly, the solutions were viewed as

1. *Roll back the boundaries of the public sector, and*
2. *Reshape its internal mechanisms in accordance with the utility maximizing animals that inhabit it.*

Simplicity has its appeal and the reforms of Victoria (Hughes and O'Neill, 2000) and New Zealand (Boston *et al.*, 1996) to varying degrees illustrate that this is not just a caricature, but live guidelines for administrative reform. Certainly, for the Danish case, the reform initiatives in the early 1980's were prompted by considerable economic deficits, as expressed by the minister of Finance in a famous TV speech in 1979:

Some people say that we are driving at the edge of the abyss. We're not, but we're heading towards it...and when I talk about the abyss, I refer to a situation where - directly or indirectly - our economic policy becomes dictated from elsewhere' (Østergaard, 1998: 292).

The overspending problem was easily defined. „Solutions“ – that is reform programs - had to address that problem. In year 2000, we are envisaging a different situation: „A key element in the medium term strategy continues to be maintaining a significant public sector surplus,, (Ministry of Finance 2000:1). What used to be the simple problem is no longer so. However, as we shall see, solutions that address economic steering problems continually multiply and proliferate.

Over the past decade 'simplicity' in Roberts' sense has blurred somewhat even in the most rigorous reform experiments. For example, it is uncertain what the reform effects are, if indeed they can be measured. (Boston, 2000; Gregory, 2000) Countries that adopt a more pragmatic stance towards reform have come up with a variety of different solutions, so there is no longer such a thing as „the best country.“ (Wolf, 2000a) Also, it is no surprise that administrative reform has its opponents and deprived groups will always try to combat and change the reform agenda (Hughes and O'Neill, 2000). In sum, there have been widespread controversies both in academia and practice about the transplantation of the compelling simplicity of economic theory to the politico-administrative domain.

Al Gore's neat catch phrase of „a government that works better and costs less“ (Gore, 1993) has come to mean something much more indeterminate because one thing is cost cutting but what does „work better“ entail? The public sector „problem“ has begun to seem not only „complex“ in Roberts' terminology, but even „wicked „ as interpretations

of the nature of the actual governance problems multiply. An influential strand in Public Administration (See for example Rhodes, 1997; Kooiman, 1993) has highlighted the fact that public sector organizations are increasingly complex systems that link interdependent organized actors within and across national boundaries, policy areas and public, private and voluntary sectors. The central governance systems are seen as „hollowed out“ (Weller, Bakvis and Rhodes, 1997) because competence is given over to supranational bodies (in Europe, notably the EU) or devolved to de-central entities, be it the local authorities, state agencies, state owned or voluntary bodies. Democratic decisions thus „explode“ into confetti as they are made in a multitude of forums, and yet those forums „implode“ and become difficult to access and overview. (Pedersen, 1994). In such complex systems, there is no *one* „command bunker“ from where commands are hierarchically sprinkled out over a deferring environment. Some authors refer to this as „the center-less society“ others as „polycentrism“ (Andersen, 1995: 91). Societal governance is a multi-actor, multi-level game in which actors must define themselves, the problems and the solutions together in ever permuting coalitions to accommodate and try to partly shape and steer the social, technical and physical environment (Mayntz, 1997; Kooiman, 1997; Dunsire, 1997). Late modern governance thus may be viewed as a „wicked“ activity.

There is a considerable gap between this "wickedness" and the general increasing human aspirations to control (Mayntz, 1997:12), as well as the quest for accountability built into the parliamentary chain of governance that normatively frames western democracies:

We can all probably agree that our societies are no longer characterized by simple and transparent structures. And we all realize that modern political and administrative institutions are extremely complex. At the same time, however, most of us subscribe to the classical principles of political institution building. (Wolf, 1999: 1)

The gap has two distinct, but simultaneous consequences. First, it poses new challenges to any actor who aspires to control others. As fixed hierarchies erode, power becomes less a matter of position, more a matter of successful game playing. (Jensen, 2000).

Second, the gap mentally accentuates the urge to make the world „steer-able“, to hold somebody to account for the multiple decisions that form our lives. There is a pressure to get to grips with development in society. Public sector reform is a continual contribution to the reassurance of faith in modern democratic systems based on human agency, will and choice: „Efforts at administrative reform, like other political efforts, express - and thereby confirm- a fundamental confidence in the possibility of directing and controlling human existence, or, more specifically, the government“ (March and Olsen, 1989:91). It is an attempt to give the parliamentary chain of governance more than just symbolic meaning by institutionalizing structures through which it - against all odds - makes sense to place responsibility on the shoulders of actors who are held accountable by the electorate. Therefore, the normative thrust of much public sector reform is that the aim is to improve *accountability*:

Trust in government is what makes democratic government effective. Without trust no living democracy and no real citizenship, without trust no compliance with rules and regulations and no willingness to pay taxes, without trust no civil

service of high standards and without accountability no trust in government.'(Wolf, 1999: 3)

What does Accountability mean?

Unfortunately, accountability is in itself a contested concept, although is it possible to generically define it as the "...ability to answer and respond when asked." (Wolf: 1999: 9). How should the accountability problem be defined? Who is supposed to give accounts to whom and for what? Wolf (1999:10) suggests five dimensions of accountability: *Legal*: To what extent do actors comply with normative prescriptions? *Fiscal*: To what extent do actors spend public money the most effective way? *Performance*: To what extent do actors meet the goals articulated by elected politicians and the expectations that they have created in the public domain? *Democratic*: To what extent do actors respect democratic values and enhance democratic processes? *Ethic*: To what extent do actors behave in accordance with codes of ethics and general moral standards?

Each dimension has distinct normative foundations and technical or/and political prerequisites. The normative argument for *legal accountability* is closely related to the Rechtsstaat tradition and the core idea that action taken must be grounded in legislation which must not be retrospective, must be generalizable and allow citizens to calculate the effects of their actions and their rights vis a vis the state. The technical prerequisites for legal accountability are that there are accurate regulations to follow. This prerequisite increasingly breaks down in late modern governance because of the need for flexibility, for judgments made by professionals and because the scope of regulation is now so far ranging that it is down right impossible to legally pin down all regulations (Rothstein, 1997).

Compared to legal accountability the normative argument for *fiscal accountability* lacks formality. It has to be continually constructed. That generally takes to forms. One is the need to „make ends meet“ as in a normal household budget. The other is the prospect that it is possible to „make the cake bigger“ so there is a bigger welfare slice to everybody. The technical prerequisites for budget control (necessary for the first reason) are multiple: information about spending patterns has to be available, interpretable and comparable. Structural economic politics (which is necessary for the second reason) require that political programs in a variety of sub-areas (e.g. tax, labor market, infrastructure) are fiscally „vetted“ and coordinated. This - in turn – requires a political platform from where this can happen.

As for *political performance accountability* the whole idea that elected politicians are held accountable for policy outputs and civil service performance lies at the heart of the image of parliamentary democracy. The prerequisites for policy- and performance accountability is, in short, a compliant civil service, otherwise the parliamentary system loses its normative meaning and politicians are held accountable for actions and decisions they are not in control of. The technical prerequisite for performance accountability is that politicians know the details of policy implementation, the output of public sector organizations and the final outcome of their decisions.

The underlying normative idea of *democratic accountability* is that there is no democracy without democrats. Therefore it is a value in itself that a decision is made in

accordance with democratic principles and includes citizens directly in the process. The technical prerequisite here is public access to knowledge about civil service behavior and decisions and institutional arrangements suitable for participation.

Ethical accountability implies that actions and decisions are accounted for with regards to general moral standards or specific professional ethics. Ethical standards are not fixed. Even though basic human rights are held high, the concrete interpretations hereof vary. The prerequisites for ethical accountability are, again, public access to knowledge about civil service behavior and decisions and relevant files and records.

Regarding the five dimensions suggested by Wolf, it is easily illustrated that the „accountability problem“ is ill defined. What reasons for individual or organizational behavior will satiate our quest for accountability? That rules were followed? That the money was spent most effectively? That it was in line with the overall policy goals? That it represented the views of the parties involved and stimulated their involvement and commitment? That it represented accepted and treasured values in society? What is it that we want decision-makers to account for?

One answer could be 'everything – but in its proper place'. In this 'advanced technician's dream' we are dealing with a multi-faceted, but coherent system of accountabilities where each dimension of accountability applies to different relations and are irrelevant for others. Why don't we then just call in a consulting firm and get them to design a coherent and transparent system where the appropriate form of accountability can be evoked under the appropriate conditions? This is because reality intervenes.

First, on the daily political scene (notably in a multi party, minority-coalition government system like the Danish), anybody can be held accountable for almost anything anytime as questions can be raised, often unexpectedly in one or several dimensions. Different forms of accountability are evoked under different circumstances by different actors: the public, the press, the Parliament, the Ombudsman, the Audit Office, the minister or private companies/voluntary associations competing with public sector bodies in a context of outsourcing. As giving accounts is inherently related to legitimacy, what counts is not if a certain account is technically correct, what counts is if it persuades the right people at the right time. However, it is not possible to prepare for all instances and produce readymade documentation for everything - just in case.

Moreover, as outlined above - giving accounts in particular ways has specific technical prerequisites, need specific organization of information and institutionalization of accounting procedures in order to work. In order to judge if a decision was illegal, there needs to be legal documents, in order to judge if money was spent properly, there needs to be proper financial accounts and a standard of comparison etc. Developing accounting systems in practice is far from cost free. Therefore priorities become necessary. Finally, although there is no *necessary* conflict between the different dimensions of accountability it can easily be debated which one is the prime source of legitimacy and which ones are subordinate in case more than one can be evoked. (e.g., is it more important to treat refugees applying for asylum in an ethically defensible manner than it is to optimize the use of organizational resources - i.e., put the complicated cases in the bottom of the pile to meet the performance targets?). The preference for one dimension of accountability over others easily becomes a political game of its own.

In a situation where all dimensions of accountability can potentially be evoked; where attention is scarce but unpredictable; where development of accountability procedures, conventions and techniques must be prioritized and where there may be potential conflicts between the different dimensions of accountability, mobilizing attention and procedures around one solution to the accountability problem helps to grasp what is more and less important. (Læg Reid and Roness, 1999). So, „(s)olutions and opportunities stimulate awareness of previously non-salient or unnoticed problems or preferences.“ (March and Olsen, 1989: 62) The solutions at hand help us to understand what the problem ‘really’ is. Hence, „...accounting does not represent reality – it creates it.“

(Pallot, 1999). Further,

...although it is difficult to guess when an opportunity to attach a favorite solution to some problem will arise, a solution that is persistently available is likely to find an occasion... Any specific re-organization project is likely to fail, but persistent repetition of similar ideas and similar arguments over a relatively long period of time appears to make some difference. Bureaucratic reform seems to require long-run commitment, patience and perseverance. (March and Olsen, 1989: 86)

Consequently, „...governance becomes less a matter of engineering than of gardening, less a matter of hunting than of gathering“ (March and Olsen, 1989: 94). The conclusion is then, so far, first, that the accountability problem is likely to be defined in political games between actors with stakes in different perspectives on the public sector problems. Second, those actors who can master and organize a long-term commitment to certain solutions have the best chances of institutionalizing their preferred perspective. The question is then who keeps the „solution-pot“ on the stove. As pointed out above, it goes for the Danish case that „reorganization efforts have difficulty in sustaining the attention of major political actors „ (March and Olsen, 1989: 81). We, therefore, turn our attention to „the institutional gardener,“ i.e., the stake holders that, solidly, over a long time span create, broadcast and maintain specific types of accountability mechanisms - solutions - that subsequently help to frame our minds to discover and understand the basic nature of the governance problem.

Problem-Solution: Keeping the Problem Pot on the Stove

The Ministry of Finance has historically been a heavy weight ministry both because it plays what Aaron Wildavsky characterized as the „guardian“ role (see Kelly and Wanna in this issue), and because Finance ministers are traditionally forceful individuals with considerable influence in government. Institutionally and politically, the Ministry of Finance has generally found it self close to the political core arena. However, in the late 1970s – during the Social democratic government period, it lost terrain. The tension between a sound economy and low unemployment was solved in the favor of the latter. The prime minister's priorities went in the direction of the Minister of Labor, state debt was growing which led the minister of Finance to the above mentioned comments on „the abyss“. The Ministry of Finance found itself in a „humiliatingly weak position“ and the ministry was marked by „worry and frustration“ about the economic development (Østergaard, 1998: 292-3). The problem was for the ministry two-faced.

One face was the economic deficit the other was the organizational power decline. The strategy employed addressed both.

Despite frustration, the ministry, among other things, began to develop a new budget system, inspired by the PUMA project „The Capacity to Budget“. The core ideas were frame budgets, - not line item budgets, effective incentive structures, simplifications and enhanced use of IT. „In and around the ministry of Finance there was a clear feeling that one was not dealing with a particularly Danish problem“ (Østergaard, 1998: 312) By 1982 the government changed color and a coalition led by the Conservative party took office. Eventually, the seeds that were sown by the gardeners in the Ministry of Finance over the past couple of years got some ideological manure and were taken out in the open as 'the Modernization Program'. The Modernization Program was the first coherent administrative policy document (Østergaard, 1998:314):

The political agenda expressed a changing paradigm. It became legitimate and interesting to talk about contracting out, markets and privatization. In the ministry of Finance years of frustration followed by and new self-confidence bordering on 'Besserwissen'. The minister of Finance was also deputy Prime Minister and there was a feeling that anything the ministry ever wanted was now possible. (Østergaard, 1998: 313).

However, as with most other broad policy programs, administrative politics proved a short run failure. In spite of the big noise - the „publicity boosting“ (Administrativ Debat, 1/87: 2), not a lot happened and the ideological hey-days came to an end quickly. Indeed, the government learnt the lesson that it was necessary to „...de-emphasize the political and ideological aspects of administrative reform.“ (March and Olsen 1989: 102) For example, privatization caught ideological fire to the extent that the Prime Minister responded to a privatization report from the minister of Finance by slipping it down his desk drawer with the comment that „I am now doing you, our political party and the country a huge favor.“ (Qvortrup, 1999) However, the Ministry of Finance continued to work on the ideas of the 'Modernization program' under shifting ideological labels. Consequently, many of the ideas launched back in the early 1980s during the Conservatives have been implemented by the Social democrats during the 1990s:

In the summer of 1993 the ministry of Finance published a report „Reinterpreting the public sector“. It was stressed that the quality of society and competition depended on a well-functioning public sector. The public sector was not the problem, but a part of the solution to the challenges facing Denmark. But the concrete initiatives for renewal of the public sector hardly differed from the previous activities. (Østergaard, 1998: 354)

Some of the initiatives launched by the one government and carried out by the opposition encompass for example contract agencies (1992), enterprise accounting (1995), individualizing the pay system (1997) introducing performance contracts (1995) and selling out public assets (1994 -1997).

The Conservative coalition government of the 1980s could be characterized by the Yorkshire expression of „all mouth and no trousers“ as far as the NPM reforms were concerned, whereas the current Social democratic coalition government is characterized by a lot of action, but less talk. This is not illogic. It is a case of short run failure – long

run success (March and Olsen, 1989: 87) and not of a particular party ideological program, but of an organizational strategy, where gardeners tender, adjust and articulate ideas continually for a longer period of time. So, the preoccupation with economic steering that solved the problems in the first place now helps to define the new problems to deal with. In a public lecture in September 1999 the permanent secretary of the Ministry of Finance remarked that, „The ministry has had two political 'scoops'...one, when the Conservatives wanted to show they could steer the economy in 1982 and two, when the Social democrats wanted to prove they could do this better than the Conservatives in 1993.“ To deliver solutions to the initial problem of acute economic deficits, the Ministry of Finance has managed to institutionalize a point of view in the mechanics of public sector accountability that not only produces solutions, but also frames the interpretation of the problems. The problem is no longer to overcome severe deficits but to avoid future problems:

The fiscal consolidation process has gradually increased the general government surplus to 3 per cent of GDP in 1999. The main strategy behind the fiscal consolidation process has been to use the improvement in the public sector surplus caused by the interaction between automatic stabilizers and structural reform to reduce government debt. On top of this some net fiscal tightening has taken place, in particular in recent years. This has put government debt on a downward trend, which is to be continued for a long period in order to prepare for the aging population. Reducing public debt and thus interest payments has top priority compared to cutting taxes or increasing expenditures. (Danish Economy, 2000)

Thus, the nature of the problem that the Conservative government faced in the early 1980s has changed, and the current government prides itself of being in charge of the economy. Where this is indisputably good news, optimism also has its down sides seen from the ministry's point of view, since „...expenditure politics is impossible in Denmark, when everything goes too well.“ (Jensen, 2000: 47) The Ministry of Finance has a paradoxical interest in solving and re-inventing the economic ‘public sector problem’. In attempt to solve the initial problem, accountability mechanisms were institutionalized that – in the second round – serves to frame the interpretations of the potential future problems that we must already treat as „real“. Currently, the problem is constructed of three elements: the tax level, the demographic development and the state debt.

Compared with other OECD countries Denmark has generally high tax level directly and indirectly and a steep progression in the tax system. (Ministry of Finance, 1998: article 12) . The tax base needs fundamental legitimacy. Lacking legitimacy in taxation leads to fiscal constraint. This lack of legitimacy is relatively easy to evoke politically. This is regularly done, if not by government, then by the opposition. On the other hand, the trust in government and the willingness to pay taxes is very high. (Ministry of Finance, 1999a: 24), so the constraint stemming from the tax burden has to be evoked. This is done by explicitly evoking the „taxpayer-identity“ within the public by stating that the public sector is spending taxpayer money and, therefore, the public service has a duty to spend it most effectively. (Ministry of Finance, 1999a)

Second, in the coming years Denmark will have labor working and more children and elderly; fewer people will have to provide money for more. Rising service expectations in the public compounds this problem. The „new elderly“ grew up in the welfare state

and do not suffer from gratitude toward the public sector. This, in turn, creates pressure on public sector efficiency.

Third, the need to pay off debt will be a major burden on our children if not paid off now. Fiscal accountability here achieves a moral/ethical dimension, resembling environmentalism, e.g., as captured by graffiti observed on Webb Street in Wellington, New Zealand, „We did not inherit the world from our ancestors, we borrowed it from our children.“ This perspective makes us accountable beyond the current population, the current electorates and service users.

These future problem elements are already seen as „real“ in the sense that solutions are designed to cope with them even better than we have already done. In one sense it is always possible to do better and this becomes an argument in its own right, because if we know how to do things more effectively, what is then the argument for not doing it? So mechanisms of fiscal accountability help us to grasp the problem: Because accounting for economic performance is possible we start to ask why people or organizations are not performing even better. Because comparative techniques are available, we start to ask why some are performing less efficiently than others are. And we want them to account for the difference.

Institutionalization of fiscal Accountability empowers the Ministry of Finance

Referring to the point about late modern governance as permanently "wicked," the observation was made that in a system of increasing governance complexity, no *one* actor, individual or collective can rest in a position of power on the top of „the hierarchy“ - because there is no *one* hierarchy:

In the OECD world, the unilateral exercise of state authority is internally limited by the fragmentation of political power and by the success of the deregulation movement, and it is externally constrained by the rise of transnational economic and ecological interdependence, which, even in Western Europe, far exceeds the slow progress toward more effective supranational policy coordination. (Scharpf, 1993:125)

Any actor, even the ones that are by convention and folk wisdom seen as most powerful, must continually re-install, re-invent, re-new their capacity to remain central in the game-traffic of late modern governance systems (Jensen, 2000). Different organization analysis have competing analytical points of departure (see for example Morgan, 1988), but the variety of interpretations is beyond the scope of this article. (See Jensen, 2000). I therefore follow the conventional assumption that most organizations find themselves as more or less open entities in an environment in which they seek to survive (Morgan, 1988: 72). In the case of Finance ministries, the theoretical point of organizational „survival“ should not be taken too literally. It is unlikely to run a modern state without a Finance ministry. Finance ministries throughout the world vary in structure, competence, power, history and culture, but unlike many other ministries they don't suffer from an ever-present threat of being abandoned. However, their actual influence on the economic situation, the political scene and administrative system must continually be fought for. As the current minister of Finance expresses it in the foreword of the 150th anniversary publication (Østergaard, 1998:4), "As long as the

Danish state has existed, somebody has had keep the finances together. This has indisputably been done with varying success."

Although invariably seen as a prestigious „top ministry“, the position of the Ministry of Finance is continually fought for – and regularly won - in recurring games with the environment. In a complex environment with no hierarchy set in stone, organizational „survival“ entails continual management of relations to other actors. In these relations the Ministry of Finance strives to maximize influence on the relevant environment and minimize foreign influence on itself. Maximizing influence on the relevant environment can be done either by controlling the specific decisions in that environment or by deciding the premises on which decisions in the environment are reached or agreement between the Ministry of Finance itself and the other actors are made. Given the sheer scale of public sector activity, the amount of decisions made and the fluid interdependence of multiple relations, the first option is not permanently realistic or economic for any actor. As important as winning a game towards other actors in the sense of making them decide what you want them to decide, is the capacity to play the next game as well, preferably even better. Preserving and developing the gaming capacity becomes an important criterion for organizational „survival“.

In this light public sector reforms may help the Ministry of Finance to create and institutionalize a set of overarching principles that other actors have to consult and comply with when they make all their individual decisions in a diversity of areas. If it succeeds it gets to play the role of ' the central bank ' issuing the communal currency with which all actors must trade: "There are two general media of communication across ministries. One is legality – another is money." (Interview with a senior executive in the Ministry of Finance, January, 2000)

Reforms that build on fiscal accountability as a value and as institutionalized mechanisms enhance the position of the ministry of Finance ideologically, organizationally and politically. *Ideologically* they help to frame the mind of citizens and decision-makers that „first we look at the money, then we look at the rest.“ The ideological impact of public sector out of the Ministry of Finance has been a vigorously debated issue in the Danish academia and press over the past 2 to 3 years. Fiscal accountability is seen as „becoming a mantra“ because the whole of the public sector is absorbed in counting and accounting for their use of public funds and their own performance. (Jensen, 2000) The critics' assumption is summarized neatly by Gregory's (2000) catchphrase, "If it can't be counted, it does not count.“

Organizationally, public sector reforms have enabled the ministry to „bureau shape“ in Dunleavy's (1991) use of the term as it has off loaded numerous of its initial control functions to agencies or other institutions and institutionalized mechanisms by which the former controlled are now controlling themselves within broad budget frames for each ministry. The aim of this exercise was to get rid of „dead flesh“ to get „closer to the political hurricane center“ so, „there is a truth in the saying that small is beautiful.“ (Eldrup, 1994) The dictum of the functionalist architect, Mies van der Rohe: „less is more“ seems to capture the organizational strategy of the ministry. Free from its „dead flesh“ the „shaped bureau“ is thus investing its organizational resources in broader structural/economical analysis (tax systems, pension systems, labor market, education systems) on the back of which it enables itself to substantially coordinate

policy initiatives for the government as a whole. As stated by the Permanent Secretary of Finance, the idea is that the ministry of Finance is:

(n)o longer waiting for the other ministries coming to us with their propositions. The ministry of Finance...must be able to predict problem areas and regularly take the first initiative, so that the Finance minister sets the scene...from being a brake block were are becoming the initiators. (Østergaard,1998: 350)

This – in turn – means a substantial *political* empowerment of the ministry, not in the sense of controlling specific political decisions (although there are such examples), but more in the way of framing the political agenda. Whether, how and to what extent this is in itself a democratic problem is a separate debate beyond the scope of this article. (See Jensen, 2000)

Conclusions

Complex, multilevel governance systems with many players are a fact of life in late modernity, a fact that only by a considerable stretch of imagination fits the normative idea of a transparently controllable bureaucracy, i.e., one that gives meaning to the parliamentary chain of governance. The gap between the need to control and an uncontrollable system is continually being bridged by institutionalizing different types of accountability that - by the same token - serve to enhance the position of certain players over others in a continual political-administrative power game.

The debate on NPM-inspired public sector reforms tends to separate into two distinct debate communities: a normative community, where it is debated whether reforms are „good“ or not, and a technical one where it is debated whether reforms are „smart“ or not. It is argued that we get reforms because they represent better values (such as legitimacy, accountability, parsimony, etc.) or because they enable "getting the job done" in a technically smarter way. We should, however, not jump to the conclusion that the reason why we get the reforms is that they are „better“ or „smarter“. We should consider that the reasons given for reforms are relevant, but not preemptive; we should see public sector reforms though the spectacles of Nietzsche's (1987: 77) observation that:

...the cause of origin of a thing and its eventual utility, its actual employment and place in a system of purpose lie worlds apart; whatever exists, having somehow come into being, is again and again reinterpreted to new ends, taken over, transformed, and redirected by some power superior to it.

We should, therefore, also look at how public sector reforms are adopted or rejected, reinterpreted or accommodated to political strategies within the specific systems where they take place. The construction of fiscal accountability as a prime source of governmental legitimacy is highly in the interest of the Ministry of Finance, not only because good arguments can be brought to bear, and not only because it is always necessary to develop new steering techniques to control how public money is spent. Both the normative and the technical takes on the debate are relevant. But, it is also necessary to recognize that the normative plea for fiscal accountability as a cornerstone in democratic governance, and the preoccupation with institutionalizing economic steering techniques also place the Ministry of Finance in the center of the political game, and this position is always actively fought for in its own right.

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